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MONEY IS AMMUNITION

Building Fiscal Triad Capability

For the Brigade Combat Team

by

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ABSTRACT

"MONEY IS AMMUNITION, Building Fiscal Triad Capability For The Brigade Combat Team," by Milton L. Sawyers, LTC(P), U. S. Army, and Michael W. Murfee, COL, U. S. Army, A Research Report Submitted to the Faculty In Partial Fulfillment of the Graduation Requirements, Air War College, Air University, 17 February 2006.

Contingency operations forces rely not only on the traditional logistical supply system, but extensively on a Fiscal Triad of combat service support (CSS) assets - Finance, Resource Management and Contracting. The authors argue that Army Brigade Commanders must be provided Fiscal Triad capabilities that are either organic or directly apportioned to the Brigade. Triad capability enables the Brigade to effectively leverage fiscal resources to accomplish assigned missions and to efficiently execute procurement and sustainment operations in the contemporary operating environment where units operate on a non-linear, noncontiguous, dispersed battlefield (i.e. OIF and OEF). Brigade Triad capability also supports flexible employment of transformed Army units where relatively fixed Corps and Division Headquarters support a variable number of Brigades.

This paper presents compelling rationale for establishing RM, Finance and Contingency Contracting capabilities within each Brigade or directly apportioned to the number of Army Brigades. The authors consider Fiscal Triad lessons from OEF and OIF rotations, identify gaps in Fiscal Triad organizational force structures that Army transformation initiatives do not address, and conclude with recommendations to correct these shortfalls.

INTRODUCTION

Brigade Commanders require Resource Management (RM), Finance and Contingency Contracting capability apportioned to the Army's BCTs in order to effectively leverage fiscal resources in support of assigned missions and to efficiently execute procurement and sustainment operations in the contemporary operating environment (COE). This paper will present compelling rationale for the requirement for a RM Team and a Finance Disbursing Team in the BCT TOE along with recommended adjustments to the Contingency Contracting Team structure. It will also provide recommendations on how to staff the RM Teams and the Finance Disbursing Team from within the Army's Financial Management (FM) force structure and through the Department of the Army Civilian Personnel System.

Robust resource support to contingency operations forces, especially in the early stages of a contingency operation, relies not only on the traditional stock-fund logistical supply system, but also on a Triad of combat service support (CSS) assets -- Finance, Resource Management and Contracting (**the Fiscal Triad**). During Stability and Support Operations and during operations where units are operating on a non-linear, noncontiguous, dispersed battlefield (i.e. OIF and OEF), this Fiscal Triad is required for the local procurement of goods and services and for support of special programs like the Commander's Emergency Relief Program (CERP). The Fiscal Triad assets operate in concert to execute local purchases of supplies and services to support combat requirements. Proper leveraging of these assets greatly enhances the commander's ability to subsist off the local economy and to execute the operational mission. Increasing subsistence from the local economy has many advantages including:

- Timely procurement of local services and commercial items to meet emergent and immediate mission, force protection, and health and welfare requirements.

- Lowering demand on the stock-fund supply system and associated strategic and theater transportations systems.

- Reducing the long-term need for certain CSS forces (i.e. food service, laundry and bath, facility maintenance and engineering, etc.).

- Increasing contact with the local population that can foster greater understanding, goodwill and cooperation.

- Development of the local economy that can also foster greater understanding, goodwill and cooperation.

- Reducing the overall cost of the operation through competitive contract bidding, reduction of required CSS forces, and lowering strategic and theater transportation requirements.

U. S. Army forces receive their support from the Fiscal Triad assets through various means. Nearly all Resource Management assets currently reside on Tables of Distribution and Allowances (TDA) and are not organic to the Army's deployable, tactical organizations (Table of Organization and Equipment – TOE). Most Resource Managers deploy as individual augmentees through taskings and operate at Theater and Division echelons or as part of Joint Task Forces. Finance soldiers are assigned to TOE units and provide support on an area basis to all units and services operating within their designated area of operation. Contingency Contracting Officers (CCO) operate on current and provisional TOEs in individual positions vice operating as part of contingency teams. However, there are not enough contracting officers to fill all the required contracting positions, and the Army has instituted Stop – Loss for contracting officers multiple times during the last 3 years due to the OPTEMPO and required need for this career field.

To address the force structure issue of a lack of Resource Managers on TOE structure and in response to lessons from recent deployments and ongoing operations that demonstrated the urgent need for redesigning Finance and Resource Management TOE structure to support

increasing procurement transactions in a joint and/or multinational environment, the U. S. Army Finance School has successfully documented Resource Managers on the future Financial Management Company TOE and in the G8 staffs on the redesigned Division, Corps and Theater Army TOEs.

Likewise, the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, the proponent for contingency contracting, has responded to contingency contracting force structure issues and lessons from ongoing operations by submitting a force structure proposal to the Army which, if approved, will provide the Army with four soldier contracting teams that will operate across the theater of operations in a yet to be determined direct or area support of Brigade Combat Teams (BCT).

While the Army's financial management (Finance and Resource Management) community has taken action to address lessons from earlier OEF and OIF operations, more recent lessons and experience in OIF provide a timely opportunity to review the adequacy of the Fiscal Triad support to coalition and U. S. contingency forces. This paper reviews the current financial management and contracting initiatives that address earlier lessons, compares those lessons with Fiscal Triad lessons in more recent OIF rotations, identifies support gaps in organizational force structure that the transformation initiatives do not address, and concludes with recommendations to the Army on how to fix those support gaps. Specifically, it identifies the requirement for a RM Team and a Finance Disbursing Team in the BCT TOE and makes force structure recommendations to address the RM/Finance capability that the BCTs currently lack. Additionally, this paper recommends adjustments to the Contingency Contracting Team structure.

Chapter 1 begins the discussion with an explanation about the Fiscal Triad, about its importance on the battlefield, and about the essential missions performed and capabilities

delivered by each of the Triad players to the commander on the battlefield. Next, Chapter 2

describes resource and fiscal controls required to safeguard U. S. Treasury assets and to quickly

and effectively provide support while ensuring proper reporting in compliance with

congressionally mandated laws, regulations, and policies. The next two chapters shift the focus

to the initial FM lessons garnered from ongoing operations and Army transformation efforts,

followed by an explanation in Chapters 5 and 6 on the transformation Finance, Resource

Management and Contracting communities are taking to address capability gaps identified

through lessons from on-going operations and through Army transformation. The paper will

then review more recent lessons and experience from OIF and use this information as a basis for

describing the adequacy of transformation in the Finance, Resource Management and

Contracting force structures. Next, the paper examines the Air Force and Marine Corps structure

on the battlefield in order to glean the other Services' "good ideas" for operations on the

battlefield. The Army requires organizations that recommend changes in force structure to

identify ways to "pay their own manpower bills." Therefore, before making recommendations

on how to fix the capability gaps through force structure changes, the paper will turn its focus in

Chapter 10 to current manpower challenges facing the Army and provide some insight into how

to address these challenges through the Civilian Personnel System. Finally, Chapter 11 presents

recommendations for force structure changes to address the BCT capability gaps identified in

previous chapters.

Note 1: The importance of integrating RM, Finance, and contingency contracting operations will

be stressed throughout the paper, but the authors of this paper view the coordination and

integration of the Fiscal Triad operations on the battlefield as a doctrinal issue. While sound

doctrine is critical to successful operations, recommendations for changes in Army doctrine publications are beyond the scope of this paper.

Note 2: For the purposes of this paper, the authors use Fiscal Triad as a collective term to refer to the three players in the Fiscal Triad -- Finance, Resource Management, and Contracting. Additionally, the term Financial Management is used is used collectively to refer to both Finance and Resource Management. When referring to a specific player and not the other two, the authors will specifically use Finance, Resource Management, or Contracting.

Chapter 1: The Fiscal Triad
(Resource Management, Finance, and Contingency Contracting)

What is the Fiscal Triad?

The Fiscal Triad is a concept of integrating of Army Resource Management, Finance, and contingency Contracting operations in order to deliver the required procurement and Contracting capabilities to the Regional Combatant Command, the Joint Task Force, Joint Forces Land Component Command, and Army forces. It is an integral part of the commander's planning, coordinating, and executing that enables Theater logistics operations by leveraging fiscal resources in support of Theater sustainment, procurement, and contracting operations.[1]
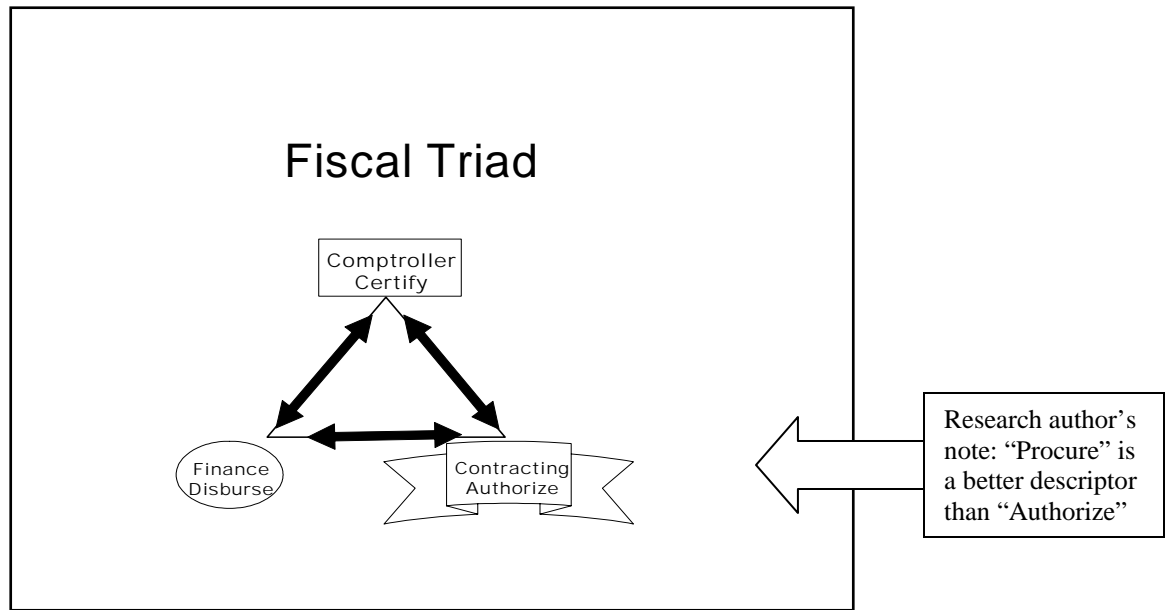
Figure 1

The Fiscal Triad plays an integral role in supporting Combined/Joint/Army Theater opening and reception by providing critical support to the reception, staging, onward movement, and integration of forces, meeting the immediate mission requirements by leveraging goods and services (real estate leases, dock workers, cranes, vehicles, etc.) within the area of operation. This critical Triad support speeds the assembly of combat power, optimizes the use of logistics forces, minimizes backlog and congestion, and even more importantly enables Theater and

operational area engagement with the host nation government, forces and businesses. Effective use of the support available from the local economy is an important factor in the successful sustainment of joint forces. Procurement of additional labor, materials, food, lodging, sanitation, and other services in the JOA allows scarce strategic lift to be used for other purposes.[2]

   Resource Management, Finance, Contracting, and the C/J/G-4 coordinate closely to ensure the effective execution of the Theater contracting, procurement, and sustainment missions. In fact, lessons from OEF and OIF demonstrated that not only must Resource Management, Finance, and Contracting co-locate to provide effective support, but also the Staff Judge Advocate must be co-located with the Fiscal Triad. Additionally, lessons from the CFLCC C8 in Kuwait have repeatedly emphasized the importance of the Fiscal Triad being co-located as it: creates efficiencies; facilitates accountability for fiscal and materiel resources; expedites inter-agency planning and coordinating which ultimately speeds the procurement process and delivery of goods and services to the commander; and ensures the legality of the obligation of funds, the contacts, purchases, and the disbursement of monies.[3]

   The concept of a Fiscal Triad originated in the 3rd US Army (ARCENT) as a means to address the challenge of providing full spectrum and cost effective resource support to short notice, small scale contingency and exercise deployments to South West Asia (SWA) following Operation Desert Storm.[4]   Recent operations in Afghanistan and Iraq clearly demonstrated the importance of the concept on a much wider scale. It has since been adopted as an Army-wide principle and the US Army Finance School in its current draft of Field Manual 1-06, Financial Management Operations (FM 1-06), presents the "Fiscal Triad" (figure below) as the keystone of FM 1-06.[5]

   At its most basic level, the Triad operates like this:[6]

- The commander and staff validate each requirement.
- The Resource Manager (RM/G8/ Comptroller) certifies the funds.

- The item or service is procured / acquired by Contracting.

- Finance disburses the funds to pay for the requirement.

Each member of the Triad has specific authorities and responsibilities in this process and is interdependent on the others. Triad interdependence is an effective check and balance to ensure the commander is efficiently supported in accordance with established priorities, while also ensuring all legal and regulatory requirements are met and that adequate controls are in place to prevent fraud, waste and abuse.

- The commander and his staff generate, validate and prioritize requirements for procurement, but have no fund certification, procurement or disbursement authority.

- The RM is the commander's representative to lead the requirement validation (including important appropriation legal reviews) and prioritization development effort, certifies the availability of funds, and ensures the use of funds is legal and proper. As the keeper of the commander's checkbook, the RM generally does not generate requirements and has no procurement or disbursement authority.

- Contracting is the only authorized (warranted) procurement agent legally capable of entering the US government into a contract. While Contracting often also conducts legal reviews prior to the award of a contract, it does not generate or validate requirements, has no fund certification or disbursement authority, and the legal reviews are generally limited to contract sufficiency not appropriation determinations.

- Finance acts as the government banker and is the only Triad element with disbursement authority. Finance provides vendor payment support through cash, check and/or electronic fund transfers. It does not generate or validate requirements and has no fund certification or procurement authority.

Of course the scope of duties, responsibilities and the manner in which each element of the Triad supports this process is significantly broader than presented above.   In order to properly assess successes and shortfalls of the Triad during recent operations, adequacy of current transformation force structure and opportunities for the future, it is important to review the broader scope of duties and responsibilities of each member of the Triad (Figure 2).

ASA-FM&C

RM – 45   Finance 44

COMPTROLLER CAPABILITIES
(Joint, Inter-Agency, Multi-national (JIM))
- **Identify Funds**
- **Acquire Funds**
- **Distribute Funds**
- **Control Funds**
- **Certify Funds**
- **Account for Funds**
- **Leverage Funds**
- **Management Programs & Controls**
- **Audit and Audit Liaison**
- **Apply Fiscal Law/Stewardship**

FINANCE CAPABILITIES (JIM Support)
- **Banking and Currency**
- **Procurement Support**
- **Disburse Funds**
- **Accounting/Cost Capture**
- **Audit and Audit Liaison**
- **Non-US Pay (NGO banking support)**
- **EPW, CI**
- **US Pay**
- **Travel**
- **Claims**
- **Management/internal Controls**
- **Captured Currency**

ASA(L&T)

Contracting 51

CONTRACTING CAPABILITIES
(JIM, LOGCAP Support)
- **Develop Contracting Plans & Policies**
- **Solicit Proposals for Requirements**
- **Evaluate Bids**
- **Select Sources**
- **Award Contracts**
- **Monitor Execution of Contracts**
- **Validate Receipt/Execution**
- **Evaluate Contract Performance**
- **Prepare Contracting Reports**

Support the Warfighter by providing FM products, services, and cash on the battlefield

Figure 2

Resource Management

Resource Management analyzes the commander's tasks and priorities, and then identifies, acquires, leverages, and distributes resources to ensure that proper financial resources are available to best accomplish the mission. The commander may have numerous sources of appropriated funds available to execute the battlefield mission. It is critical that the Resource

Manager understand the time, purpose, and amount of each funding authority. Because of the variations and restrictions on the various sources of available funds, Resource Managers must consider them all in order to effectively and efficiently resource the mission. Doing so reduces the immediate impact on the commander's internal funds and maximizes the commander's flexibility. Resource Managers must know what costs should be obligated against what appropriation. Multiple funding sources may have to be used in order to accommodate the mission and constraints imposed by fiscal law. In short, Resource Managers must understand funding sources to avoid Anti-Deficiency Act violations, to accomplish the mission(s) assigned, and to maximize all resourcing options [7] Resource Managers execute the following functions:

- Track commitments and obligations.
- Evaluate, certify, and report execution of funds.
- Maintain regulatory accountable records.
- Protect funds from fraud, waste, and abuse.
- Develop budgets.
- Identify funding for resource requirements including procurement, Theater infrastructure construction, materiel, services for ports, communications, and transportation networks.
- Address fiscal issues associated with sister services, other federal agencies, and Non-Governmental Organizations operating in the AO.
- Establish a management control process that provides reasonable assurance that government assets are protected and safeguarded.
- Ensure funds and other assets are protected, and that revenues and expenditures are properly accounted for in accordance with congressionally mandated accounting and reporting requirements.

Finance

Finance operations provide financial analysis, advice, and recommendations to assist the commander and staff in making the most efficient use of its fiscal resources. Financial operations provide essential financial service support to include commercial vendor and contract support, disbursing, banking and currency services, cost capturing, accounting, and essential pay support and services. Finance organizations and Soldiers execute the following functions:

- Provide Finance support across a dispersed battlefield over extended distance and time.
- Establish banking agreements with host nation financial institutions.
- Disburse funds on prepared and certified vouchers to satisfy Contracting and vendor payments.
- Process, pay, and record special programs/claims, e.g.: Weapons for cash, intelligence (HUMINT), Rewards, Grants, Solatium, etc.
- Provide EPW, CI and Local National pay support.
- Provide limited U.S. and non-U.S. pay support: record and pay for (Contract or hired labor).
- Account for and secure captured, seized, and confiscated currencies.
- Receive and control all currencies and precious metals.
- Capture costs and maintain regulatory accountable records.
- Cash negotiable instruments.
- Convert foreign currency.
- Establish a management control process that provides reasonable assurance that government assets are protected and safeguarded.
- Ensure funds and other assets are protected, and that revenues and expenditures are properly accounted for in accordance with congressionally mandated accounting and reporting requirements.
- Provide limited military pay support: starting, adjusting and stopping deployment entitlements.[8]

Contingency Contracting

Army Contingency Contracting Officers (CCO) provide commanders enhanced operational flexibility by leveraging commercially - available goods and services in or near their mission area to supplement Combat Service and Support (CSS) capabilities. Army CCOs provide commanders enhanced capability to support deployed Army and Joint forces by working with host nation support/assistance-in-kind (HNS/AIK), allied and coalition support, support from other services.[9] CCOs execute the following functions:

- Develop Contracting plans & policies.
- Solicit proposals for requirements.
- Evaluate bids.
- Select sources.
- Award contracts.
- Monitor execution of contracts.
- Validate receipt/execution.
- Evaluate contract performance.
- Prepare Contracting reports.

Chapter 2: Resource and Fiscal Controls

Providing timely resources (supplies and services) is primary to mission success. At the same time, as evidenced in the earlier Introduction and Fiscal Triad discussions, there is also an underlying theme of establishing controls necessary for requirement validation and cost effectiveness.

Given the urgency, criticality and significant cost of supplies and services in a combat environment, the establishment of controls is an important issue. Proper controls ensure funding is effectively used for its intended purpose - accomplishing the mission and taking care of soldiers, airmen, sailors and marines.

You will notice that the term cost effectiveness is used here and not cost efficiency. It is important to understand the difference. Cost effectiveness deals with the value of an expenditure as it relates to mission success. It should not be confused with cost efficiency where the primary focus is on cost savings or avoidance. While cost effectiveness can often lead to cost savings, it is not always the case. Consider force protection where great amounts of money are spent on gates, barriers, bunkers, blast walls, perimeter fencing, towers, alert systems, emergency communications systems, surveillance systems, security contracts, and a myriad of other things. From a cost savings point these costs are astronomically high as compared to not doing them, relying solely on the military's organic tactical force protection capabilities, and paying the direct costs for any resulting damage, injury and death. From a cost effective point the high cost of force protection is negligible when considered in relation to mission success. It significantly reduces potential friendly casualties and the forces needed to secure the installation. It denies the enemy opportunities for spectacular and news worthy attacks and helps maintain morale of friendly forces by establishing a safe environment from which to conduct operations. A less

benign example of cost effectiveness and cost savings is procurement of expendable supplies (cleaning, office, etc) on the local economy. For our discussion, assume the supplies cost more on the local economy even after strategic and Theater transportation costs are factored in. A cost savings approach would dictate that units should order these supplies through the standard supply system because they are cheaper. On the other hand, a local commander might consider the greater cost of the supplies as highly cost effective in that local purchase lowers demand on the logistical and transportation systems so more effort can be directed to priority mission requirements such as ammunition and repair parts. Local purchase might also help develop the local economy, increase interaction with the local population, and foster goodwill that can greatly benefit mission success.

Establishment of controls also supports the inevitable audit. It is common knowledge that formal outside reviews and audits soon follow any operation.[10] [11] This is entirely as it should be. As learning organizations DOD, the Services, and commanders at all levels conduct internal operational reviews to assess and adjust their operational methods as well as the employment of the resources at their disposal. Formal outside audits ensure internal reviews are properly focused and help validate resource employment. While outside audits are vital, few would argue that in the midst of combat operations cost avoidance and the threat of audit by Inspector Generals, Service Audit Agencies and the General Accounting Office (GAO) should be a contingency operation commander's primary concern – especially at the lower unit levels. It is the author's experience that auditors are generally less concerned with the total cost of an operation and much more interested in ensuring expenditures were used effectively to support the mission.[12] To that end, auditors tend to focus on the validation and approval processes used to control procurement as their means to ensure cost effectiveness.

One process available to execute controls is the traditional budget method that is routinely used throughout DOD to validate requirements and control costs during peacetime. Traditional budget controls generally function by allocating less funding than a unit requires and forcing the unit to justify its remaining Unfunded Requirements (UFRs) for additional funding prioritization. As frustrating and time-consuming as this process can be, it does a pretty good job of allocating limited resources against mostly predictable requirements. Nevertheless, an important aspect to consider in establishing CONOPS controls is that the very nature of a contingency combat operation makes it almost impossible to predict required resource expenditures very far in advance. This is especially true in the early phases. The size of the force, how it is equipped, enemy resistance, local security, local availability of facilities, supplies and services, and the changing nature of the mission all contribute to highly variable resource demands. As a result, slow-paced traditional budget controls used during peacetime that limit commanders to a fixed budget simply do not work on the battlefield.

An alternative method of establishing efficient and effective controls must be used. Some deployed Resource Managers have advocated the idea that during a contingency operation a unit moves from "unconstrained spending as an operation begins to monitored spending as it develops and then to managed spending as it stabilizes."[13] The 1st Armored Division G8 who deployed to Iraq from April 2003 through July 2004, clearly does not agree with this concept and states: "1AD does not support the concept of 'Unconstrained Spending' at any stage of a contingency operation. 1AD's OIF experience clearly demonstrates that 'Managed Spending' is achievable at all stages of a contingency operation - even under high OPTEMPO combat conditions. 1AD believes it possible to move over time from 'Managed Spending' to 'Traditional Budget Controls'."[14] 1AD developed a working definition of Managed Spending and Traditional Budget Controls:[15]

Managed Spending: Organizations fund emergent combat & contingency operations requirements without traditional budget limitations IAW established Division, JTF and Theater approval processes to execute essential mission, safety, and health & welfare requirements.

Traditional Budget Controls: Organizations fund recurring or known requirements within established budget limitations. Additional or emergent requirements are funded from internal resources IAW established organizational approval processes or submitted to higher headquarters as Unfunded Requirements (UFRs).

As per the definition above, managed spending depends on establishing specific approval authorities and processes to the lowest levels possible to ensure requirement validation and cost effectiveness.   The Combined Forces Land Component Command (CFLCC), the U.S. Army headquarters responsible to support all land forces in the CENTCOM area of operations, established effective managed spending controls to meet the highly variable and time critical resource demands during the first year of Operation Iraqi Freedom. The CFLCC, located in Kuwait, granted authority for the Coalition Joint Task Force – Seven (CJTF-7) in Iraq to conduct its own Coalition Acquisition Review Board (CARB) to validate and approve requirements over $200K for all land forces in Iraq. Division Commanders were given approval authority for most requirements up to $200K. The CFLCC required CJTF-7 to provide a written record of all CARB decisions and required each Division and CJTF-7 to submit a bi-weekly spend plan and a detailed document register of actual expenditures as a means to maintain oversight and forecast requirements. [16]

CJTF-7 established the CARB to validate and recommend approval for any single requirement in excess of $200K and all requests for non tactical vehicles, automation hardware (laptops/desktops), and mobile/cell phones regardless of cost. The CARB was chaired by the

CJTF-7 C4 and/or C8. Voting members included various members of the C-Staff. CARB recommendations were provided to the CJTF-7 Deputy Commander for final approval. [17]

1AD established an internal Division Acquisition Review Board (DARB) to validate and recommend approval for all requirements over $10K. The DARB was chaired by the G8 and voting members included various members of the Division Staff. DARB recommendations were provided to the Division Chief of Staff for final approval of all non-CARB requirements up to $200K and a recommendation of approval for all requirements that had to go to the CARB. [18]

While managed spending establishes effective cost controls in a high OPTEMPO combat environment, requirement generation and validation is time consuming and can distract the commander and staff from their primary combat mission. Full dependency on managed spending does little to establish the predictability needed by budget, supply and service providers to proactively support the force. It is therefore in the interest of combatant commanders and resource providers at all levels to move as quickly as possible to a more predictable situation and traditional budget controls. Resource predictability is a function of mission success and time. As the CONOPS is successful and matures, predictability of requirements generally increases. Dependence on managed spending should tend to diminish as traditional budget controls are established on a case by case basis.

Following their OIF1 deployment 1AD participated in a GAO audit. In response to the GAO question of "What criteria could be used to determine at what point it would be appropriate to manage spending in the form of fiscal controls or traditional budgets without putting soldiers at risk?" 1AD responded with a multi-dimensional yet clear and simple model. [19]

1AD 'CONOPS Managed Spending' to Traditional Budget Controls transition model:

Early CONOPS   **Maturing CONOPS**

Time

Managed Spending

Traditional Budget Controls
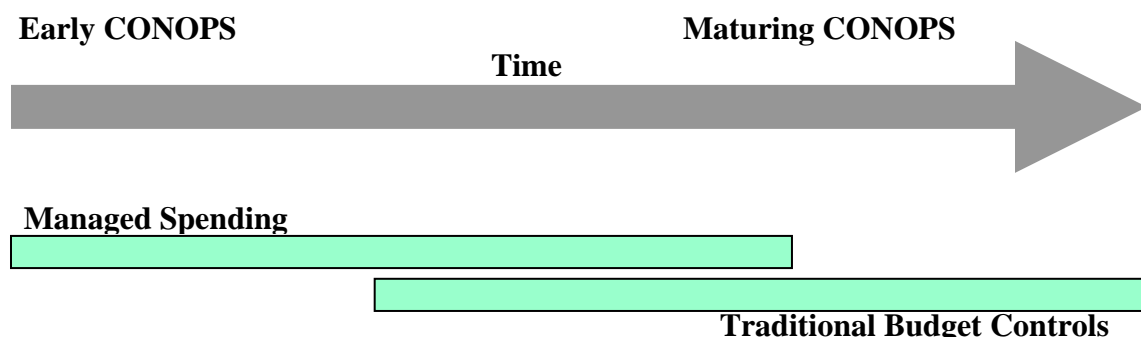
Transition from Managed Spending to Traditional Budget Controls will occur on a unit by unit

and at the same time installation by installation basis, based on:

- Enemy situation.
- Relative OPTEMPO stability.
- Stability of Operating Base locations.
- Establishment of standardized levels of BASOPS support.
- Establishment of BASOPS contracts.
- Standardization of mission essential clothing and equipment across the force.

	Managed Spending:	**Traditional Budget / Budget Target Controls:**
Stock Fund (Traditional Supply System)	Unpredictable OPTEMPO rates	Relatively stable OPTEMPO rate for day-to-day combat & training operations
	Mission essential clothing and equipment not standardized or available across the force	Mission essential clothing and equipment standardized and available across the force
Non-Stock Fund (Local Procurement)	Operating Base locations not stabilized	Operating Base locations stabilized
	BASOPS levels of support not standardized or contracted	BASOPS levels of support standardized and contracts in place
	Mission essential clothing and equipment not standardized or available across the force	Mission essential clothing and equipment standardized and available across the force

The bottom line is that controls are executable at every stage of a contingency operation whether they be managed spending, traditional budget or a combination of each. Controls are an important part of establishing and documenting cost effectiveness and provide flexible resource support to the commander, ensure funding is used for its intended purpose, and prevents fraud, waste and abuse. Prudent commanders will establish an efficient requirements validation and approval process down to the lowest level possible. Clear understanding of the process and defined approval authorities gives commanders at all levels confidence that requirements will be provided as quickly and cost effectively as possible so they can focus on their primary combat mission free of audit concerns.

Chapter 3: Initial Financial Management Lessons from OIF and OEF

Over the past three years, the Army Financial Management (Finance and Resource Management) community took great strides in making changes across the doctrine, organization, training, materiel, leadership and education, and personnel (DOTML-P) domains to support Chief of Staff of the Army initiatives, to posture itself to better deliver capabilities to the modular Army, and to also respond to lessons from on-going operations in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF).

From September 2002 thru May 2004, the United States Army Finance School conducted numerous conferences to capture lessons in order to shape changes across the DOTML-P domains. Participants in these conferences included Finance and Resource Management non-commissioned officers and officers from recently deployed units along with participants from U. S. Army Europe, U. S. Army Korea, Third Army, Forces Command, and Training and Doctrine Command.

There were several recurring lessons that emerged from each of the conferences. First, the Army's Financial Management doctrinal publication, Field Manual 14-6, Financial Management Operations, needs to be rewritten to capture operations in the contemporary operating environment, focusing on the integration of Finance and Resource Management operations on the battlefield with the capabilities to support commanders and their units across the full spectrum of combat operations while supporting Joint, Interagency, and Multinational (JIM) forces.[20]

Second, there is a requirement to have Resource Management capability on the battlefield and to have those Resource Management requirements documented on the Army's Table of Organization and Equipment (TOE) structures. Since the inception of OEF, deployments

demonstrated the requirement to incorporate Resource Management into the operations.

However, nearly all Resource Managers across the Army currently reside on Tables of

Distribution and Allowances (TDA) documents, and most of these TDA positions do not support

the Army's tactical organizations (TOE) at Brigade, division, and corps echelons. When units

deploy, they lack the organic RM support required for their battlefield operations. Some units do

have RM TOE sections which are organic. However, these units are the exception, and the RM

sections from one unit to the other are not standardized.[21]

To meet the operational requirements for the RMs, the Army has relied on the Worldwide

Individual Augmentation System (WIAS). Through WIAS, the Army tasks other services, Army

MACOMs, and the reserve components, to include Individual Ready Reserve (IRR), to fill

manpower shortages. However, there are several shortfalls to using the WIAS. First, WIAS

takes RM personnel from other units, which are often short themselves. TRADOC, for example,

tasks instructors to deploy to fill RM positions despite the fact that the RMs are being taken from

organizations which are already struggling with manpower shortages. Second, training and

experience vary widely for both active duty and reserve component individual augmentees

tasked to perform RMs operations. Competency levels are exacerbated by few opportunities to

train up and validate proficiency in critical tasks prior to deployment and by the fact that many

FA 45s often have little, if any training or experience prior in Resource Management prior to

Career Field Designation (CFD) as an O-4. Another challenge with using individual augmentees

is the lack of familiarity with the commander and staff they support. The IA RMs spend a

significant amount of time just learning who the players are and the processes in place. If they

had been part of the unit prior to deployment, they would be able to eliminate much of this

process and focus on providing support to the warfighter. Lastly, there are not enough FA 45

RMs under the current manning documents to adequately fill the taskings to support deployed

operations, so the Army has relied on stop loss for FA 45s as a temporary solution for meeting the demand for qualified RMs required to support operations.[22]

Third, leaders have repeatedly emphasized the operational effectiveness and efficiency gained from the Fiscal Triad – specifically, co-locating Finance, Resource Management, and Contracting. Integration of Finance, Resource Management, and Contracting into the Fiscal Triad provides commanders with the required capabilities to execute procurement and contracting missions on the battlefield, especially during initial entry and sustainment operations. The lack of a standardized, deployable structure for both Resource Management and Contracting is an obstacle to creating effective support for the commander when RM and Contracting teams are both deployed as ad-hoc teams to support units with whom they have no operational relationship prior to deployment.[23]

Chapter 4: Army and Sustainment Transformation

Army Transformation

Strategic and joint guidance establishes full spectrum dominance - the defeat of any adversary or control of any situation across the full range of military operations - as the overarching goal of joint transformation and joint force development to meet the demands of the contemporary operating environment. The U. S. must be prepared to meet traditional adversaries with conventional land, sea, and air forces. However, some adversaries will adopt irregular, unconventional methods in order to counter U. S. overmatching conventional capabilities. These irregular adversaries pose threats against the U. S. through the potential use of weapons of mass destruction (WMD) or through the use of disruptive, breakthrough technologies that counter the U. S. conventional capabilities.[24]

The concept of full spectrum dominance acknowledges that the Army will conduct operations throughout the spectrum of conflict, including unconventional and irregular warfare. No longer can the Army focus solely on the conventional military forces of another nation and restrict its force design to a narrowly defined range of threats and operate under a doctrine that focuses on linear formations fighting force on force. Neither can the Army solely focus on smaller-scale conflicts or irregular warfare and discount potential adversaries with competitive conventional capabilities.[25]

The transformation of the world situation has forced the U. S. to change its strategy from relying on fixed-base operations overseas to a strategy that relies on responsive, expeditionary forces tailored to the requirements of the Combatant Commander.

To prepare itself to operate against both conventional and irregular forces on a asymmetric, non-contiguous battlefield across the entire conflict spectrum and to meet the requirements of the
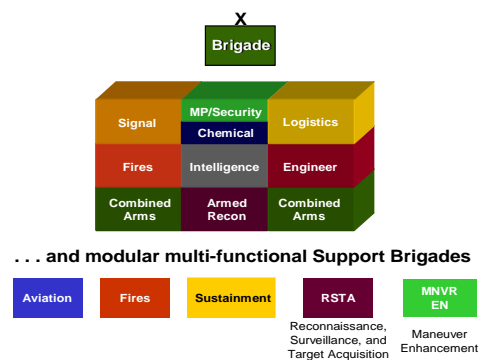
combatant commanders, the Army must transform into a lighter, more modular, tailorable, responsive, and lethal combat force that can respond quickly to global threats.

From Division to Brigade - Centric
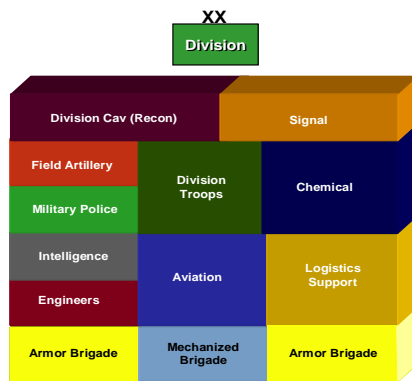
Figure 3

The Army is building capability for both Current and Future Forces, reorganizing Army forces into modular, Brigade-based unit designs (Brigade Combat Team (BCT)) in order to enable rapid packaging and responsive, sustained employment (Figure 3). Rather than being organized in the traditional, larger, fixed Divisional based organizations, the number of BCTs deployed to support the combatant commander will be tailored to the requirements of the mission. Essentially, the Army will have a pool of 43-48 BCTs from which to meet the commandant commander's requirements. Rather than having the BCTs tied to specific Division headquarters, the intent is to tailor the number of BCTs to the mission and then deploy an independent Division headquarters to provide command and control of the tactical operations.[26]

To enable sustainment on the asymmetric, nonlinear, non-contiguous battlefield, the BCTs cannot be tethered to logistics support from higher echelons. Rather, the BCTs must be more

self-reliant and capable of operating for longer periods without the continuous stream of support

from external logistics organizations. Under the new modular designs, each BCT will have an

organic Brigade Support Battalion, and the maneuver Battalions will have Forward Support

Companies. While the BSBs/FSCs will support the BCT/Battalion with organic POL,

transportation, maintenance, and medical assets, absent are organic Finance, Resource

Management, and Contracting support, hindering the BCT commander from executing in-

Theater procurement and contracting operations independent of external support that could be

separated geographically by unsecured lines of communication.[27]

   The Army is also transforming its command and control headquarters for echelons above

Brigade to eliminate functional redundancies resident in today's Armies, Corps, and Divisions

and will focus less on the traditional hierarchical relationships and depend more on

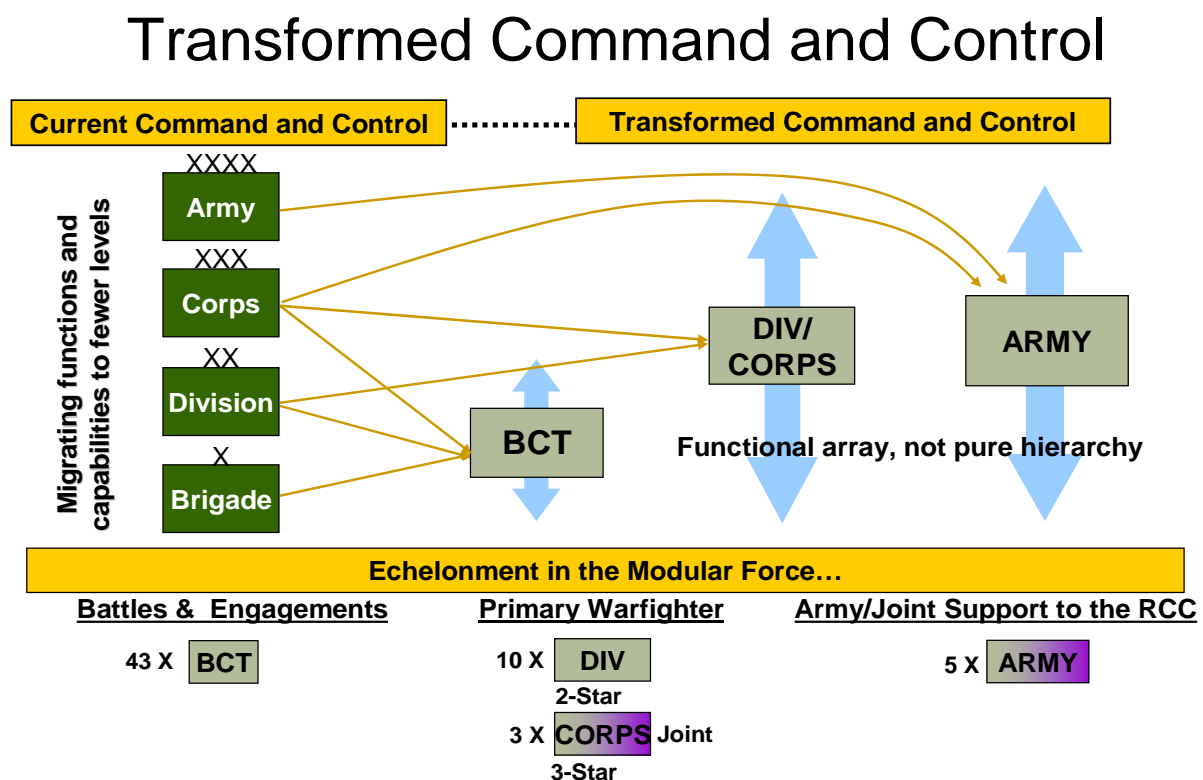complimentary functions and capabilities (Figure 4).

Transformed Command and Control

| Current Command and Control | Transformed Command and Control |

Migrating functions and capabilities to fewer levels

XXXX — Army
XXX — Corps
XX — Division
X — Brigade

BCT

DIV/CORPS

ARMY

Functional array, not pure hierarchy

Echelonment in the Modular Force…

| Battles & Engagements | Primary Warfighter | Army/Joint Support to the RCC |

43 X BCT

10 X DIV **2-Star**

3 X CORPS Joint **3-Star**

5 X ARMY

Figure 4

24

While the BCTs focus at the engagement level, the restructured Divisions/Corps and Armies will conduct the whole range of tasks above the Brigade level. These are complementary headquarters with distinct functions. The new Division/Corps structure will essentially combine the tactical functions of today's Division and Corps headquarters, and will serve as the senior tactical headquarters with warfighting as its primary function. The Army headquarters at Theater level will combine the functions of the Army Service Component Command (ASCC) and the numbered Armies in addition to the some of the operational roles previously performed at Corps. It will continue serving as the Army Service Component Command, will exercise administrative control over Army forces, and will plan and control support to other Services, Interagency, and Multinational forces with selected Theater wide support. The headquarters at each echelon above Brigade are Joint capable by design and need only Joint manning to achieve Joint Force Land Component Command or Joint Task Force capability.[28] Resource Management staff (G8) provide organic Resource Management capability to the Division/Corps and the Army echelons. The Division/Corps G8 and the Theater Army G8 will be discussed later under Army FM Transformation.

Sustainment Transformation

As the Army transforms its tactical and operational warfighting units, eliminating redundancy in its headquarters and designing organic sustainment support into the BCTs, it is also revamping the Army sustainment system by also transforming logistics capability and organizations. The logistics community is converting its tactical and operational sustainment units to be more responsive to its supported commanders by building a responsive distribution system that guarantees on-time delivery while simultaneously minimizing inventory stockpiles and reducing overall CSS footprint on the battlefield.[29]

The Theater Sustainment Command (TSC) is the Theater level sustainment headquarters that will plan, coordinate, and synchronize sustainment operations for the Theater. The organizational structure of the new TSC eliminates layering of commands by combining operational-level functions of the current Corps Support Command and Theater Support Command, thereby eliminating redundancy and maximizing flexibility (Figure 5). The TSC will be a modular organization with a standard headquarters and subordinate support units tailored for the Theater mission requirements of specific operations. Modular subordinate units will provide capabilities for Theater opening; Theater distribution; medical; bulk petroleum; aviation; civil engineering; and multifunctional supply, maintenance, transportation support, and Financial Management.[30]
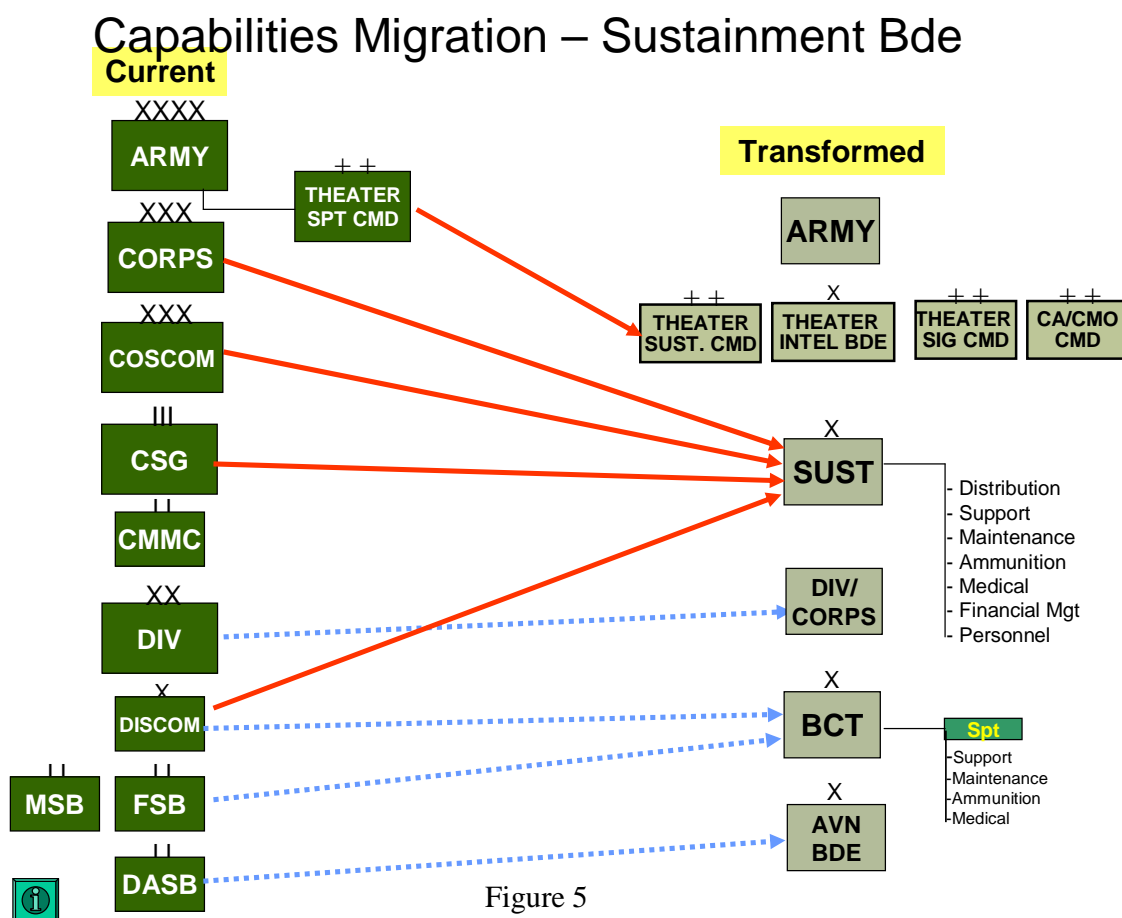
Capabilities Migration – Sustainment Bde

Figure 5

The TSC will work under the reorganized Theater Army operational headquarters, with the TSC commander serving as the senior Army logistics commander at Theater level (Figure 6). The TSC headquarters will provide command and control of assigned, attached, and operationally controlled units.[31]
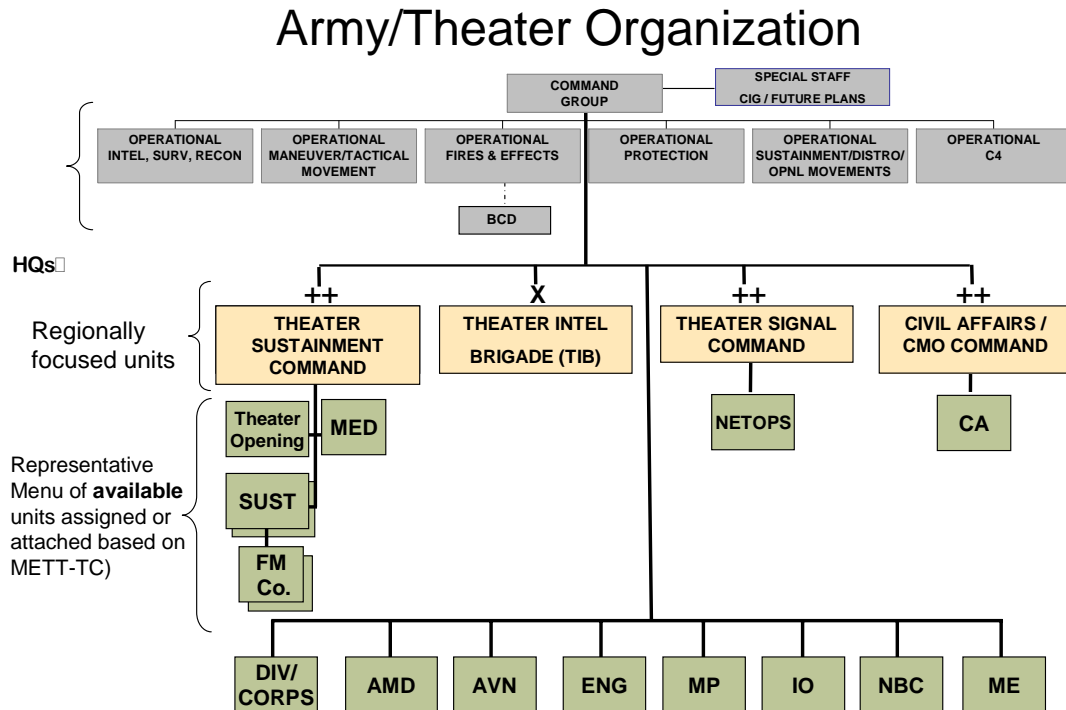
Army/Theater Organization

Figure 6

The Financial Management Center will be subordinate to the TSC and will provide Theater oversight, guidance, and planning for Financial Management units operating in the Theater. Also subordinate to the TSC will be a number of pooled Financial Management Companies that will provide area support to Theater units at echelons above Division/Corps. The FMC and the FM Company will be discussed later under Army FM Transformation.

Sustainment Brigades pooled at Theater level under the TSC will provide support to operational-level units in the Theater area of operations. One or more Sustainment Brigades will operate under each Division/Corps to provide additional sustainment support to tactical-level forces engaged in combat in forward areas.[32] This will allow throughput of critical sustainment,

such as fuel and ammunition, from the Theater logistics hubs to Brigade combat teams engaged in combat. Subordinate to the Sustainment Brigade will be a FM Company and its FM Detachments. The FM Detachments provide area support to the BCTs and other support Brigades operating within the Division/Corps footprint. The FM Detachment will be discussed later under Army FM Transformation.

Chapter 5: Financial Management Transformation

A number of factors have precipitated the need to transform the Army Financial Management TOE structure. First, lessons from recent deployments demonstrated the immediate requirement to document Resource Managers on the TOE and to redesign the Financial Management TOE structure to support increasing procurement and contracting missions in a joint and/or multinational environment. Second, as the Army reorganized its forces into modular, Brigade-based unit designs in order to enable rapid packaging and responsive, sustained employment, it concurrently conducted numerous workshops to design the required operational and tactical headquarters for echelons above Brigade. Third, the Army's senior leadership provided guidance to organize by functions rather than by branches and to streamline command structure.[33]

Concurrent to the design of the BCTs, the Army conducted numerous workshops to redesign its tactical and operational headquarters at echelons above Brigade. The Army's Finance School took advantage of these workshops to work with financial managers from ASA(FM&C), FORSCOM, Third Army, USAREUR and USARPAC to address the lessons from on-going operations, which demonstrated the requirement to document Resource Managers on the TOE. These efforts were successful in designing G8 staff sections at Theater level but not at echelons below Theater (Division/Corps) until later workshops.

Many leaders do not understand the Resource Management capability required on the battlefield, and initial attempts to articulate the requirement for the Resource Management capability on the Division staff were unsuccessful. Since the inception of OEF and OIF, Divisions had Resource Managers serving on the staff, but the size of the RM staffs varied from Division to Division and most of the RM staffs were ad hoc staff sections filled by RMs serving

on non-Divisional TDA positions that were tasked through WIAS. Although the Finance

Proponent presented compelling rationale for the Division/Corps G8 during numerous

workshops hosted by TRADOC, it was not until the Army's 3rd Corps senior leaders raised the

issue about the lack of Resource Management capability in the Division/Corps designs did the

G8 section finally get documented on the Division and Corps TOEs.[34]

FM TRANSFORMATION
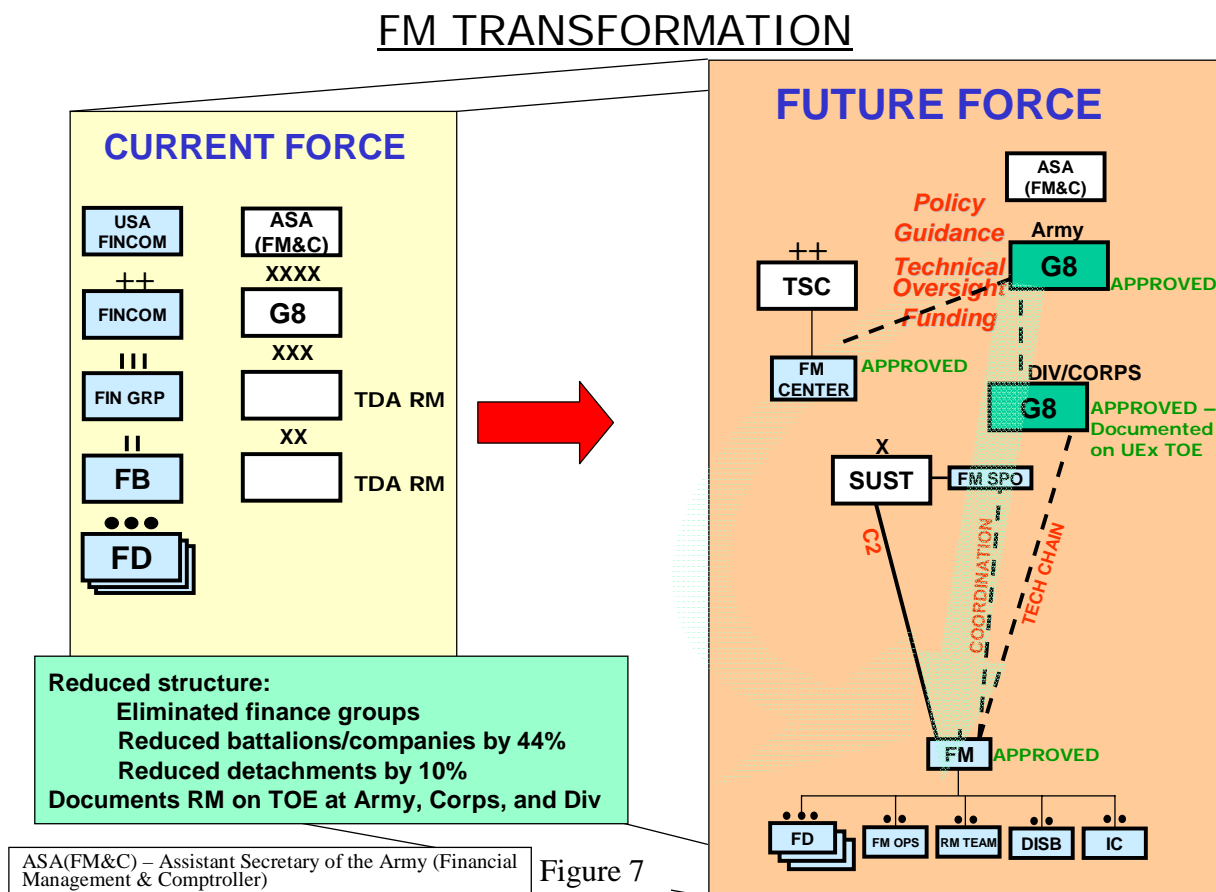
Figure 7

At the Theater echelon, the Army/ASCC G8 is the principal staff element at the Theater

Army headquarters (Figure 7). With technical control (TECHCON), the G8 has the

responsibility for developing Theater Finance and Resource Management policy and guidance

for all Finance and Resource Management assets in Theater and has the responsibility for

providing technical oversight for all Finance operations (in coordination with the Financial

Management Center). The Army echelon G8 is staffed with 42 TOE positions which function in either the Main or the Operational Command Post. The G8 coordinates and synchronizes resource requirements identification and fulfillment methods by identifying types (ODHACA, CERP, Operations & Maintenance (O&M), Other Procurement Army (OPA), etc.) and sources of funding for administrative control (ADCON) and Army Support to Other Services (ASOS) functions. It provides advice and guidance concerning resource planning and execution to commanders and staff. It also synchronizes RM operations between Command Posts and performs management requirements as determined by the commander.[35]

At the Division and Corps echelons, G8 will function as a HQ staff element, subordinate to the Division and Corps CDR. This austere, four soldier G8 staff will provide a standardized TOE structure for the commander that currently is not resident in most Division and Corps headquarters staffs across the Army. However, the G8 staff does not have the manpower required to support the BCTs and Support Brigades operating within the Division and Corps area of operation.[36]

The Division/Corps G8 provides the supported commander with mission essential funding when and where needed to ensure operational success, and protects funds from waste, fraud, and abuse. Depending upon METT-TC, augmentation may be required to support functions. The Division/Corps G8: provides advice to commanders on Financial Management implications and costs of preparing for and conducting operations; provides policy guidance and fiscal guidance for the use of funds in executing battlefield missions; identifies and manages funds available for immediate expenses; provides fund control, and monitors fund execution; estimates, tracks, and reports costs for specific operations to support requests to the US Congress for appropriation.[37]

In response to the Army's senior leadership guidance to organize by functions rather than by branches and to streamline command structure, the Finance community will eliminate all

Finance commands at echelons above company by FY 08 (Figure 7). It has also designed a new

structure in order to provide the required technical capability that is currently provided by the

Finance Commands, Groups and Battalions. It has designed the Financial Management Center

to replace its Brigade headquarters (the Finance Group and the Finance Command) and the

Financial Management Company (FM CO) to replace the Finance Battalion.[38]

The FMC provides the technical capability resident in the Finance Group and the Finance

Command it is replacing. It is a staff element of the Theater Sustainment Command, and it

provides Finance planning, banking, currency, and internal controls for the Theater. The FMC

provides Finance technical oversight for all Army Finance operations in Theater and sustains

Army, joint, and combined operations by providing timely contractual and procurement

payments, and disbursing capability. The FMC Chief is the principal advisor to Theater G8 on all

aspects of Finance operations. The FMC Chief is responsible for those operational or strategic

tasks that provide sustainment support to units and personnel assigned to the Theater or ASCC.

If designated Executive Agency for Theater Finance operations, the Chief will assume

responsibility for policy, overall direction, and coordination of strategic and operational Finance

tasks that pertain to all service components, to include operational oversight of other services'

Financial Management elements. The FMC Chief coordinates the deployment of the FM CO

personnel and equipment.[39]

The FM CO replaces the Finance Battalion and incorporates into its design the technical

capability currently resident in the Finance Battalion. The FM CO coordinates and executes

Financial Management support on an area basis for Army, joint and multinational commands,

units, soldiers, and authorized civilians and contractors. It exercises battle command of the

company headquarters section and five to seven FM Detachments. When attached to a

Sustainment Brigade supporting the Division, the FM CO supports the BCTs and the supporting

Brigades within the Division AO. When attached to a Sustainment Brigade operating under the command of the Theater Sustainment Brigade, the FM CO supports those Theater assets at echelons above Division.[40]

The FM CO's Disbursing Section makes payments (cash, EFT, checks) on properly prepared and certified vouchers, receives collections, receives and controls all currencies, maintains accountable records, cashes negotiable instruments, makes foreign currency and determines the need for currency and its replenishment. The disbursing section also provides currency for assigned Financial Management Detachments (FM DET).[41]

Differing from the current Finance Battalion structure, the FM CO adds one Resource Management Team, consisting of a Captain, SFC, and a SPC. This RM Team augments the Division G8 when required or provides limited RM support to the BCTs and support Brigades operating in the Division AO. However, with only three soldiers assigned to the team, it can provide only very limited capability across the Division, especially when the BCTs and support Brigade are separated geographically by significant time and distance.[42]

The FM Detachment (DET) mission includes providing payments for contractor and procurement support, disbursing and funding support, and providing EPW pay support, non-U.S. pay support and limited U.S. pay support.

The FM DET provides financial support on an area basis to the BCTs and to the support Brigades (RSTA, ME, Fires, etc – see Figure 3 on page 18) when operating in support of a Division (Figure 8). It also provides financial support on an area basis to all other units operating at echelons above Division when it is assigned to an FM CO operating with the Theater Support Command at Theater level. The FM DET exercises command and control of up to three Financial Management Support Teams (FMSTs) and a Disbursing Section. A disbursing section has been added to the redesigned detachment to enable the detachment to sustain itself

with currency when separated geographically by time and distance from the FM CO. However,

FM DET has no RM capability organic to it to provide the BCTs or support Brigades required

RM support. The FM DET will typically support an area occupied by a BCT, Sustainment

Brigade, or equivalent. While the FM CO Commander retains battle command of the FM DET,

the FM DET may be attached to a supported unit for administrative and logistics support.[43]

Financial Management Support

Figure 8
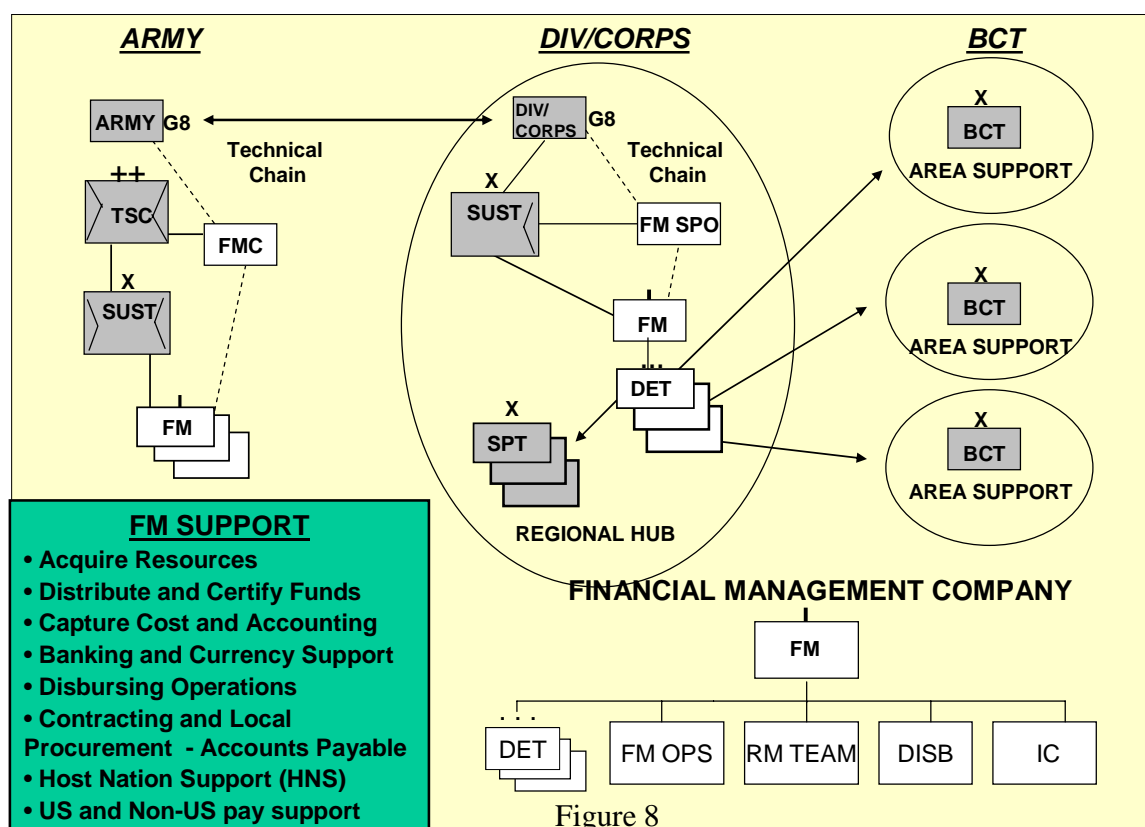
The area support concept enables FM units to support all Army forces in Theater in addition

to providing support to other services. To provide direct support or to assign as organic assets to

the all the Brigades and separate units operating in Theater would require a significant growth in

force structure. It also would not be an efficient use of the low density FM manpower as most of

the support Brigades within the Division footprint and those units operating at echelons above

Division do not require full time FM support. Operating on an area basis enables the FM

Company commander to allocate resources to the supported units when required and then reallocate them to other units for subsequent missions.

While the area support concept is an efficient use of limited assets, it is not an effective means of supporting the BCT. The BCT requires immediate access to cash to support the commander's special programs like CERP, and to disburse funds for the high volume of contracting and procurement transactions in support of the BCT. With BCTs operating on an asymmetric, non-linear, non-contiguous battlefield, separated by time and distance and by non-secure lines of communication (Figure 9), the BCT requires every member of the Fiscal Triad team to be co-located with the BCT. RM and Contingency Contracting essentially can not execute the commander's intent or support BCT sustainment operations without the immediate availability of cash to culminate the transactions through the disbursement of funds to local citizens and vendors.

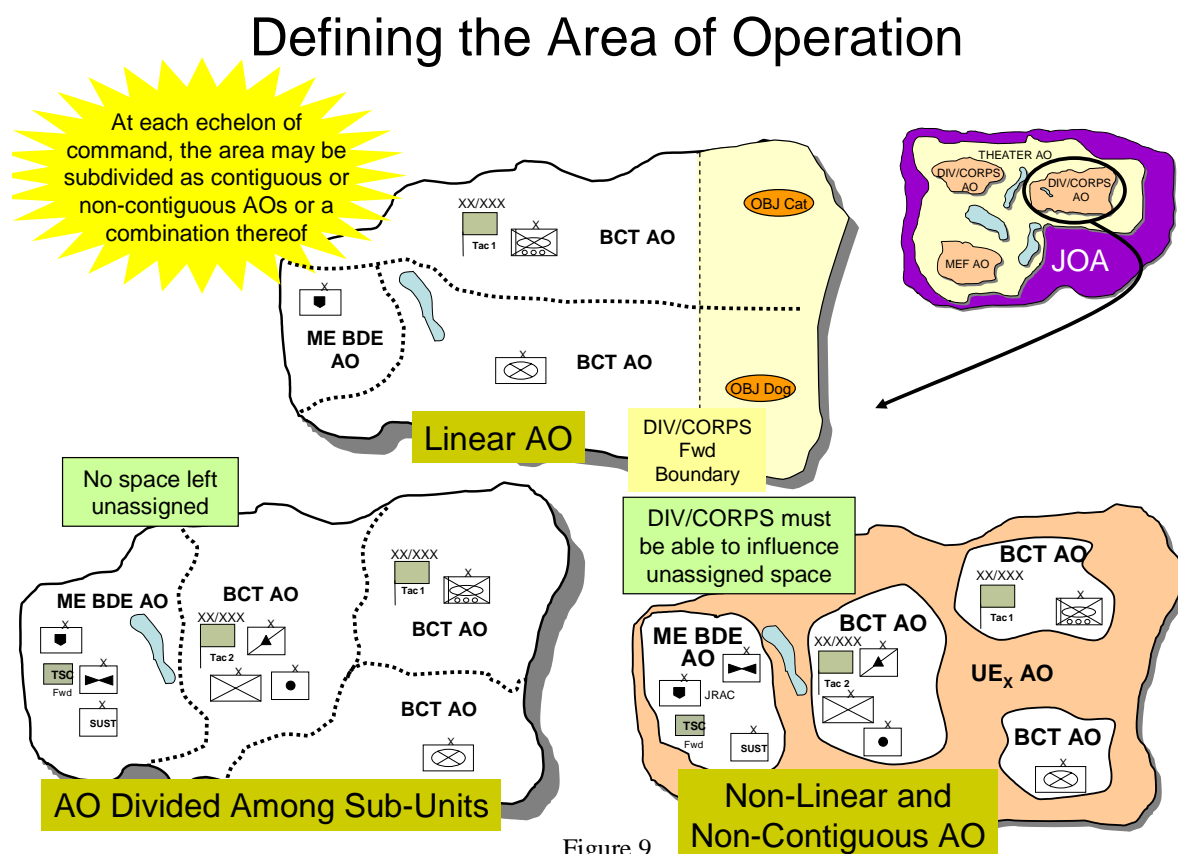## Defining the Area of Operation

Figure 9

The BCT could certainly operate with paying agents tasked from within the BCT. However, every officer or senior NCO performing paying agent duties is spending time away from his/her primary duty and is held to the same level of accountability as a trained 44C (enlisted Financial Management occupational specialty).

Chapter 6: Contingency Contracting Transformation

Historically, Acquisition, Logistics and Technology (ALT) assets provided support independently to the warfighter. However, lessons and experience from ongoing operations in OIF and OEF identified a requirement to integrate these ALT capabilities with a unity of command in Theater. To provide a single, integrated capability with a unity of command, the Army Material Command – Forward (AMC FWD) is being redesigned and will expand its mission to incorporate acquisition and technology in the existing logistics base. The AMC FWD organizations will be renamed to the Army Field Support Brigades (AFSB) to reflect the multi-functional capabilities being provided to the warfighter through this restructured organization. The AFSB will serve as the integrator for other areas of logistical support including contractors on the battlefield (Figure 10).[44]

AFSB: Army Field Support Brigade
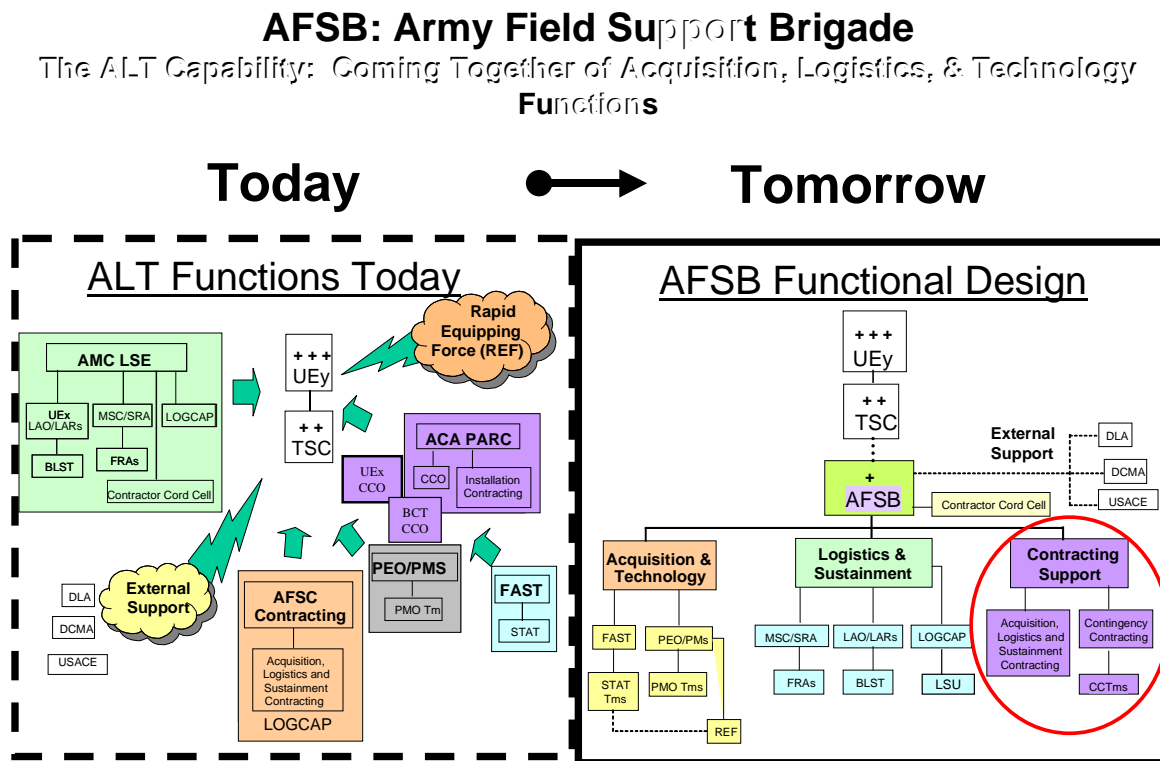The ALT Capability: Coming Together of Acquisition, Logistics, & Technology Functions

Figure 10

Contingency Contracting Officers (CCO) are integrated into the operational force structure at Brigade and higher echelons to afford ground force commanders enhanced operational flexibility, allowing commanders to leverage commercially - available goods and services in or near their mission area to supplement Combat Service and Support (CSS) capabilities. In addition, CCOs provide commanders enhanced capability to support deployed Army and Joint forces by working with host nation support/assistance-in-kind (HNS/AIK), allied and coalition support, support from other services and contractor support.[45]

Currently, the Army assigns individual CCOs to CSS units, Stryker Brigades, Cavalry Regiments, Divisions, Corps, Theater Support Commands and Army Service Component Commands.[46] As the Army has transformed to its modular structure, it has documented organic contracting capability onto the TOEs of the Theater Army, Corps, Division, Sustainment Brigades and BCTs to perform the same missions, roles and functions they perform within current force structure.[47]

However, the Army Acquisition Corps (AAC) has assessed that the current Army contracting doctrine and structure is inadequate for meeting the modular Army's requirements in the contemporary operating environment, primarily because there are not enough Contracting officers to meet the documented requirements on the modular TOEs. Continued compliance with this structure will require a substantial increase in contracting officers.[48] As the Army continues to cut its sustainment tail to "pay the bill" for higher priority force structure changes, it will require significantly more in-theater procurement of supplies and services to sustain itself. A lighter tail rests on the strategy of a more robust theater contracting capability, demanding adjustments to the current contingency contracting force structure.

In response to experiences and lessons garnered from ongoing OEF and OIF operations and to effectively and efficiently use the limited contracting assets, ACC recently submitted a

contingency contracting proposal, which is being staffed through the United States Army

Training and Doctrine Command and Department of the Army formal channels. The proposed

structure designs contingency contracting personnel into Contracting Battalion commands and

modular Contingency Contracting Teams, not as parts of other modular units to provide

commanders increased capability to support the expeditionary Army.[49]

The new contracting structure will provide specialized, trained and certified contingency

contracting force to support at each echelon from Theater down to the BCT (Figure 11).[50]

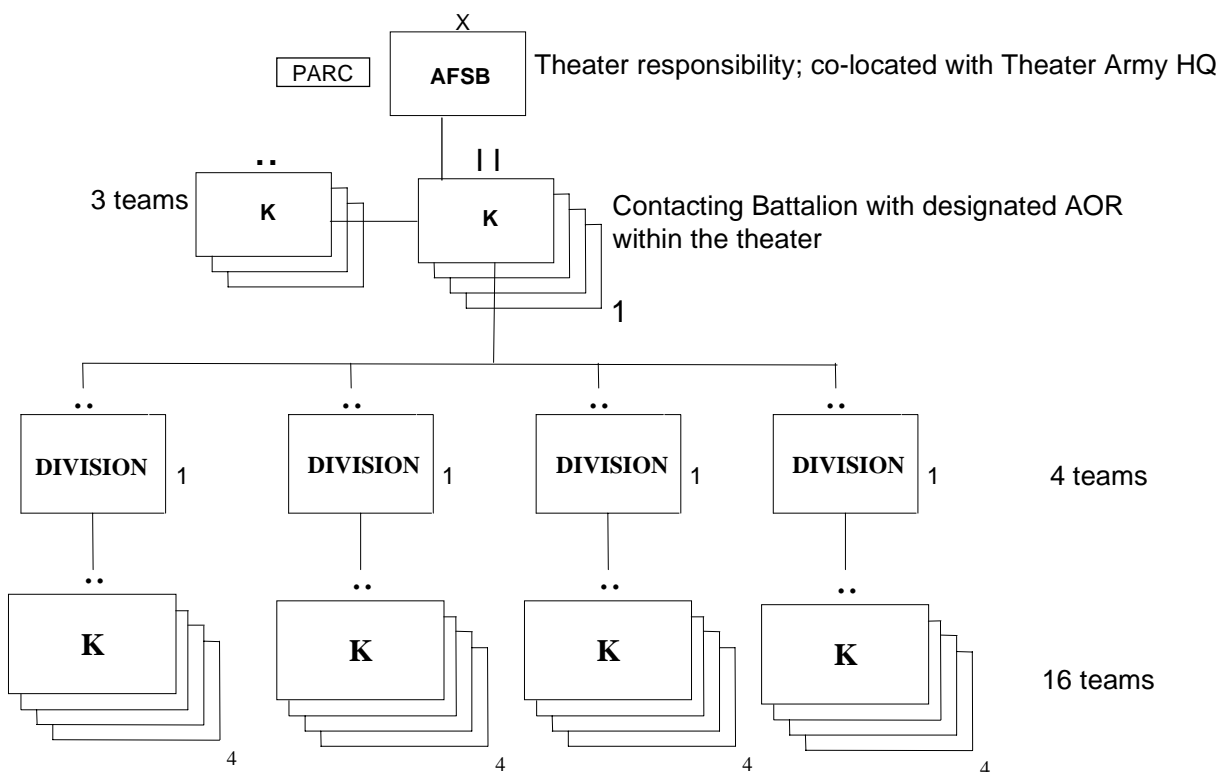## Draft Contingency Contracting Battalion Structure

Figure 11

Under the current and future contracting structure, the Principal Assistant Responsible for

Contracting (PARC) is the senior Contracting officer for a Theater. The PARC is co-located

with a Theater Army headquarters, normally as part of the AFSB which is OPCON to the

Theater Support Command. As the Theater's senior contractor, the PARC is the Army Service

Component Commander's (ASCC) or mission commander's senior advisor, responsible for planning and managing Army contracting functions within the Theater. When the Army Service Component Command (ASCC) serves as the Joint Forces Land Component Commander (JFLCC), or when the Regional Combatant Commander designates the Army as the lead service for contracting, the PARC plans and commands all Joint Contracting mission support for that plan.[51] The PARC commands one or more Contracting Battalions, each capable of deploying multiple modular Contingency Contracting Teams, of forming and controlling Joint Contracting offices, and of exercising operational control (OPCON) over all Army Contracting teams and personnel deploying into their Theater.[52]

The most significant changes to the current contracting structure occur below the PARC with the design of the Contracting Battalions and the modular Contingency Contracting Teams. The new contracting design provides an integrated and standardized structure for all components and restructures contracting personnel into Battalions and modular teams to better provide the required contracting capabilities to support the expeditionary Army.[53]

The proposed Contracting Battalion plans for and coordinates all contracting functions within an area of operations (AOR). The Battalion consists of the Battalion staff, four (4) Division Contracting Teams, plus sixteen (16) modular Contingency Contracting Teams.[54] The Battalion provides command, control, and supervision to all assigned and attached Contracting Teams, and deploys these teams throughout the AOR to support Division, Sustainment Brigades, and BCTs.[55]

The proposed modular Contingency Contracting Teams consists of: one (1) Contracting Team Leader in the grade of Major/O4, one (1) Contracting Officer in the grade of Captain/O3 and two (2) Contingency Contracting Noncommissioned Officers E7/E6.[56] Each modular team can deploy and independently support maneuver forces executing small-scale operations for up to

ninety (90) days in an austere environment, or deploy as an early entry module for follow-on deployment of additional Contracting Battalion elements to support larger maneuver unit deployments.[57]

These Contracting teams plan for and coordinate all contracting functions at the Division and BCT level.[58] The mission of each team is to advise maneuver commanders on commercial supplies and services available in or near the mission area, providing those commanders enhanced operation flexibility and alternative sources of support. Team personnel locate and procure available supplies and services required by their unit commanders to supplement organic CSS capabilities and support units' operations.[59]

> Under the new contingency contracting structure, contracting assets will not be organic to the supported units. However, the Contracting Teams will be in direct support of the Division, Sustainment Brigade, and the BCTs. The number of contracting units earned in the total force structure will be based on the existence type allocation as a function of a Theater's physical and organizational structure. For example, a Contracting Team requirement is generated by the existence of a BCT and Sustainment Brigade, and the intent of the proposal is to earn one Contracting Team for each of the active component BCTs (43 Contingency Contracting Teams for 43 BCTs under the modular Army construct). Additionally, the basic rules of allocation require one HQ PARC per Theater/TSC and one Contingency Contracting Battalion per Theater/TSC/DCP in a major combat operation.[60]

Not only has the Contracting community recognized the need for a Contingency Contracting Team for each BCT, it has also recognized the requirement to co-locate and integrate with other CSS units on the battlefield in order to accomplish its mission. In fact, one of the missions of each Contingency Contracting Team is to coordinate with Finance, Resource Management,

Property Book, Materiel Management and Legal staff personnel to establish a deployed Contingency Contracting Office.[61]

The new contracting structure concept provides much improved contracting support to the expeditionary Army. First, by establishing modular Contracting Teams vice assigning individual Contracting soldiers to the supported unit's TOEs, the Contracting support to the commander is more robust and effective. Second, the modular design enables the PARC and the Contingency Contracting Commander to tailor the appropriate level of support to the mission based on Theater mission requirements and sustainment capabilities, enabling Army planners to deploy additional Contingency Contracting Teams as required while sustaining multiple simultaneous operations if necessary. The Army derives added benefits by giving the Contracting Commander the ability to rotate teams and commands as opposed to past reliance on Joint Manning Documents and individual augmentation taskings to sustain long term operations.[62] Third, the Contracting community has recognized the importance of earning enough Contingency Contracting Teams to support each BCT.

While Contracting has directly linked 43 of its proposed Contracting Teams to the 43 BCTs and the 10 Divisions, the plan remains 3 teams short of providing direct Contracting support to each Corps. The plan further does not identify any additional Contracting Teams to support Sustainment Brigades or forces at echelons above Division and does not state any intent to provide direct support in a long-term habitual manner to any unit below Theater Army. These shortfalls seem to indicate that the Contracting Team apportionment by BCT is artificial and that actual support to the BCTs and Divisions on the battlefield will be provided on an area support basis. If this is simply an oversight in the rules of allocation development, it should be corrected during the Total Army Analysis process. Otherwise, the concept of support should be revised to reflect the wider contingency contracting support requirements outside the BCTs and Divisions.

Failing to adjust rules of allocation and to allocate Contingency Contracting Teams for the organizations as indicated above creates highly centralized Contracting C2 at the Theater level that does not support long-term habitual relationships with supported units and may result in ad-hoc area support at the Corps, Division and BCT levels, in spite of the increased number of personnel (Contracting Teams) on the battlefield.

Providing a Contracting C2 capability in the Corps that traditionally forms the nucleus of Theater JTFs is also essential. Contracting Battalions should be considered for both the Theater Army and Corps levels vice only to the Theater echelon as currently proposed by ACC.

To ensure the establishment of long-term habitual relationships with the unit they support (for both major training events as well as deployments), the number of Contracting Teams per Battalion should be assigned based on the number of Divisions, BCTs, Sustainment and Separate Brigades assigned to the Theater Army and Corps at home-station.

Chapter 7: Army Triad Experience During OIF

Military operations since September 11th, 2001, have greatly challenged existing Army Finance, Resource Management and Contracting assets to adequately support contingency operation forces. The experience of the 1st Armored Division (1AD) during OIF1 is instructive as an example of the inherent flexibility required of transformed Army Brigades and Divisions, as well as the Fiscal Triad elements that support them. As noted in following discussions, the organization and force structure of each of the Triad elements ranges from barely adequate to wholly inadequate to meet the needs of current contingency operations.

- 1AD deployed to Iraq equipped for high intensity maneuver warfare with its 7 organic Brigades (BDEs). The Division consisted of about 13,000 soldiers in three Brigade Combat Teams (BCTs), an Aviation BDE, an Artillery BDE, an Engineer BDE and a Support BDE.

- Upon arrival 1AD conducted a relief in place of the 3rd Infantry Division and began security and support operations (SASO) in the greater Baghdad area. [63]

- Through the summer of 2003, 1AD was augmented with combat and combat support forces to meet the new mission. The Division became the largest Army Division ever assembled, and at its peak, consisted of 39,000 personnel in 15 Brigades / Brigade equivalents. The Division did not receive additional combat service support forces. [64]

- As 1AD completed its year-long deployment and was moving to Kuwait for redeployment to Germany, it was redirected to quell uprisings in the cities of Al Kut and An Najaf, and to secure the area encompassed by these cities south of Baghdad. The Division at this time consisted of about 17,000 personnel in 2 BCTs, the 2nd Armored

Cavalry Regiment, an Aviation BDE, an Artillery BDE, an Engineer BDE and a Support BDE. [65]

In addition to destroy and disrupt insurgent forces, the SASO mission included requirements to: [66]

- Assist the Coalition Provisional Authority in forming an interim Iraqi government.

- Provide immediate security throughout Baghdad from both insurgent attacks as well as guarding key facilities (banks, museums, power & oil stations, etc.) from looters.

- Recruit, train, and employ Iraqi security forces needed to support security operations until an Iraqi police force and Army could be formed. These forces were the Facility Protection Service (FPS) and the Iraqi Civil Defense Corps (ICDC) which later transitioned to various government ministry security forces and the Iraqi National Guard. 1AD was also responsible for all pay operations (basic pay, bonuses, awards, and survivor benefits), and local procurement of mission essential equipment and supplies (trucks, radios, helmets, uniforms, etc.) as well as life support (feeding, billeting, etc.). This was no small task as the security forces employed by 1AD at one point numbered more than 16,000. [67]

- Support police and army recruitment operations in Baghdad.

- Provide immediate, visible, low dollar US Humanitarian Assistance (HA) on a broad scale. This was accomplished through the highly successful Commander's Emergency Response Program (CERP) that authorized coalition forces to pay for small infrastructure, security and community projects that benefited the local Iraqi people. CERP was designed to augment the larger regional and nationwide HA projects such as electrical generation and distribution, sewage treatment plants, school repair and building, etc. However, execution of large projects was slow to get started and failed to

show significant public improvement. As a result, CERP authority was incrementally raised from $2,500 per project to $500,000 per project within the first year. [68]

1AD not only had to face the challenge of locally supporting itself with immediate mission essential SASO requirements, it also had to establish basic life support services for its own soldiers and civilians. In Baghdad, 1AD faced a severe lack of billeting and operational facilities. Most Army units, including 1AD, own very few tents. By the time 1AD arrived in Baghdad, all tents in the Army inventory had already been provided to other OIF forces. Most Iraqi government facilities available for coalition use were far too small to accommodate the size of the coalition force and had sustained heavy damage from both OIF and Desert Storm bombing. Few facilities had electricity, water, sewage or even four intact walls.

Likewise, 1AD found an almost complete lack of base operations (BASOPS) services at any of the 43 Forward Operating Bases (FOBs) it occupied throughout the city. Army tactical laundry and bath units were available in Baghdad, but were apportioned to support the much smaller OIF assault force. Even though the laundry and bath units struggled valiantly to provide the best support possible, they could not keep up with the ever-growing demand. Sanitation in the urban environment was a particular challenge due to the concentration of coalition forces in the city coupled with Baghdad's non-functioning sewage system. With no BASOPS, a lack of metal drums for burnout latrines and no tactical capacity to transport sewage, some 1AD units quickly began to run out of places to dig latrines or septic pools. To help maintain sanitary conditions some units required their soldiers to do their business in MRE (Meals Ready to Eat) plastic bags and then carry the excrement to a central burn pit for disposal. [69] Not a viable long-term health and welfare option!

Given the rapid success of the assault on Baghdad, contract BASOPS providers such as LOGCAP had not yet been authorized to provide services. While authorization for BASOPS

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contracts was expected, the magnitude of the requirement across Iraq was tremendous and 1AD did not expect support from these contracts for at least 6-months. In fact, LOGCAP dining facilities began operations in the 4th and 5th months of the deployment and did not begin providing full BASOPS until late February 2004, nearly 10 months into the deployment. [70] In order to obtain basic shelter, laundry, shower, trash and sewage removal necessary to sustain the health and welfare of the force, 1AD was forced to locally procure these services.

The overall situation described above was not unique to 1AD during OIF1, nor should it be considered unprecedented in the early stages of any contingency operation. It is presented to demonstrate the magnitude of the scope of early contingency operational requirements that depend heavily on the Resource Triad (Finance, Resource Management and Contracting).

Resource Management:

The 1AD G8 had previously deployed in support of Operation Enduring Freedom (OEF) and knew that local procurement demands in Iraq would be high, however, the actual workload to support SASO and HA operations for such a large Division, combined with the requirement to establish BASOPS in 43 separate FOBs was staggering. For perspective of just how enormous early OIF1 requirements were, consider that on an annual basis at home station in Germany, 1AD G8 had ten personnel (2 Military & 8 Civilians) to support six Brigades of 12,000 personnel who generated 750 contracts totaling less than $15 million. During OIF1, 1AD had on average six RM personnel to support 53,000 personnel (up to 15 Brigades of 39,000 personnel plus another 14,000 personnel from CJTF-7 separate units in the Baghdad area) that generated 5,000 OMA funded contracts totaling $402 million and 5,000 CERP funded projects totaling $55 million. [71]

Manning:

1AD G8, like all other Division Resource Management staffs at the time were not part of a Modified Table of Organization and Equipment (MTOE) that provides essential and standardized war-time Combat, Combat Support and Combat Service Support forces. G8s were organized on a Table of Distribution and Allowances (TDA) whose primary responsibility was to manage the Division's budget and civilian manpower during garrison and peacetime training. 1AD G8 had a very limited TDA deployment capability consisting of the G8, the military deputy and an Emergency Essential Civilian (EEC) GS-12 Senior Analyst. [72] 1AD determined that two Officers, a GS-12 Senior Analyst, and four enlisted or junior civilian analysts were the minimum number of RM personnel needed to support the Division's organic 13,000 personnel during the OIF1 deployment. [73] The personnel situation soon went from bad to grave with the abrupt departure of the GS-12 and notification that the military deputy would PCS (permanent change of station) to the Command and General Staff College and would not be replaced. The G8 took immediate action to try and address both the military and civilian shortfalls.

On several occasions during pre-deployment and while deployed, the G8 requested military augmentation to fill the military deputy, GS-12 and enlisted requirements. Requests were submitted to V Corps and USAREUR as well as through the Worldwide Individual Augmentation System (WIAS). Neither V Corps nor USAREUR could provide augmentation since the majority of their forces were already deployed or alerted to deploy to Iraq. WIAS also proved to be an empty pit since it had long exhausted available pools of personnel in support of earlier South West Asia (SWA) operations (OEF, OIF and Horn of Africa) as well as Homeland Security support to Operation Noble Eagle (ONE). The G8 also requested support from the 8th Finance Battalion assigned to accompany the Division to Iraq. The 8th Finance Battalion

Commander provided one Sergeant on a permanent basis and an additional Sergeant on a temporary basis while deployed. [74]

Given the lack of available military RM personnel, the 1AD G8 focused on meeting the manpower shortfall with civilian personnel. However, the G8 soon found that given the current civilian personnel management system, DA Civilians while reliable at home-station, could not be adequately counted on to deploy and support maneuver forces in combat. The civilian personnel management system will be discussed in more detail in Chapter 9 a later section of this study. What is important here is that 1AD was not able to recruit a replacement GS-12 until late in the OIF1 deployment and only had one G8 civilian volunteer from Germany actually deploy with the Division.[75]

Given the difficulty in recruiting civilian personnel coupled with a lack of external military RM augmentation, limited augmentation was provided from within 1AD on an incremental mission basis once in Iraq (i.e. growth of the Commander's Emergency Response Program (CERP), stand up of Iraqi Security Forces, enduring base camp construction, etc.). The G8 shop was eventually beefed up with a Captain and 2 Sergeants. Once enduring base camp construction began, the Engineer Brigade provided a Liaison Officer (LNO) to help validate all construction requirements and to coordinate construction contract requests. As meager as internal 1AD augmentation to the G8 appears, these 4 additional personnel actually represent a sizeable investment and shows the relative importance of the RM function in the Division. Demands of the growing SASO mission and the requirement to provide self-supporting BASOPS was extremely manpower intensive at the Brigade level. Moreover, while the Division was the largest ever assembled, it did not receive additional CSS forces and there was a huge demand for personnel to meet increasing logistics requirements. [76]

<u>Controls:</u>

As discussed earlier in the controls portion of this study, effective managed spending is dependent on requirement validation and approval processes. During the GAO audit of 1AD, in response to the GAO question "Did you feel that there were enough Resource Management personnel to provide oversight of OIF spending?" 1AD G8 responded, "As compared to peacetime manning and workload, there were not sufficient RM personnel to provide Commanders in combat or higher HQs the robust RM support they needed and deserved. However, I believe adequate over-sight of OIF-1 spending was achieved by:

- RM personnel working 16-18 hours each day, 7 days a week.

- Requiring units to provide estimates from 3 vendors for all requirements over $10K.

- Obtaining additional pre-approval estimates from Contracting when ever possible.

- Strict adherence of the V Corps CARB & 1AD DARB pre-execution approval process.

- SJA review of all Division requirements over $10K.

- 1AD COS personal approval of all requirements over $10K.

- 1AD COS personal approval of all TDY.

- Maintaining a detailed manual document register of all non-stock fund transactions.

- Forecasting as accurately as possible a 2-week spend plan." [77]

The GAO followed this with, "What consideration was given to imposing those cost controls?" and the G8 responded, "Given the lack of BASOPS infrastructure, the harsh climate, and the evolving nature of the mission, 1AD knew that a large amount of funding would be required to support a tremendous number of immediate mission, safety, and health & welfare requirements. 1AD recognized we needed an internal standard approval system capable of:

- Processing a large volume of PRCs quickly.

- Being used for every requirement.

- Supporting future audit cost control and validation inquiries.

- Ensuring Battalion and Brigade Commanders were involved in the review and approval process without over-burdening them or distracting them from the tactical combat mission.

The 1AD DARB & overall requirements approval process accomplished all of these goals." [78]

Lack of adequate RM personnel and the managed spending controls implemented in 1AD above have significant implications. First, in spite of the tremendous effort, the 1AD G8 admits that neither his commanders on the battlefield or his higher headquarters received the Resource Management service each deserved. Second, to establish effective cost control at the Division, significant amounts of procurement and budget work were off-loaded on the BDEs to produce pre-approval estimates and to manage various types of funding. The 1AD G8 further explained,

"Experience in Iraq and Afghanistan demonstrate the need for BDEs to be as self sufficient as possible. Given the nature of our current GWOT, the BDE/UA Commander has tremendous resource responsibility previously unknown. In addition to managing traditional OMA Purchase Requests (contracts), bulk funds (FOO) and Government Purchase Cards, BDEs must now also manage Humanitarian Assistance, CERP, reward payments, weapons buy-back, and security force development payments. Currently the BDE S4 performs budget management as an additional duty. Given the increasing scope of the S4's logistic responsibilities, budget management takes a back seat…While adequate OIF-1 spending oversight may have been accomplished, future contingency operations need more robust RM support, especially as we develop 'plug & play' BDEs. RM manpower IAW joint manning documents do a good job of supporting day to

day Joint Task Force HQs requirements, but do not have the inherent flexibility required to support changing numbers of BDEs. Brigades and Divisions must bring an organic RM capability to augment Theater & JTF budget operations…To meet these additional responsibilities and to ensure adequate oversight of future contingency operation spending, each BDE requires the addition of at least one Budget NCO. The addition of a Budget Specialist is also recommended…Each UEX (Division) requires a MTOE military organization of at least 7 personnel: G8 (LTC), Deputy (MAJ), SR Budget NCO (E6/7), and four Budget Specialists/NCOs (E4-6). These 7 comprise the minimum Division requirement needed to support essential tactical/combat planning and execution. If Brigade Budget NCOs are not provided by future Finance Sections or added to the BDE MTOE, the UEX (Division) G8 will require an additional Budget NCO for each assigned Brigade." [79]

Finance:

1AD received direct Finance support in Iraq from the 8th Finance Battalion (8th FI BN) who also deployed with the Division. At home-station in Germany, the 8th FI BN was assigned to the 266th Finance Command and not organic to 1AD. However, the 8th FI BN had a long-standing habitual relationship with the Division in that it provided area Finance support to 1AD units in the German communities of Wiesbaden and Baumholder. This habitual relationship was adequate to meet the Finance related needs of both the Division and the Battalion in peacetime, but proved to be insufficient when the Battalion was attached to the Division and suddenly had to function under the time-compressed demands of pre-deployment preparation for combat. The 8th FI BN suffered huge learning curves as it coordinated and conducted maintenance (vehicle,

weapons, communications, NBC), supply procedures, training management, rear detachment operations, operational and intelligence planning, unit movement and a myriad of other small, but no less important tasks to Division standards. The Division like-wise lacked an understanding of the internal capabilities of a 100-man Finance Battalion as compared to its larger Divisional Battalions.

"We often talk about "direct support" in terms of how the supported Division benefits from a habitual relationship with a Finance Office. However, the assistance a Finance Office receives from being "tied into" a Division is not only beneficial but necessary. Having access to the Division's assets-- whether it is QOL items from G4, 3rd shop support from an FSB, Class V from DAO, atropine injectors from DISCOM, or JFRG operators from DTO—made deploying a lot easier. FINCOMs (Finance Commands) cannot provide this type of support-- it must come from a Division. While it is critically important to tie into a Division, it is equally important that this relationship is established with the understanding that a Finance Battalion is a Battalion in name only. The Finance leadership needs to ensure that the Division understands and acknowledges the capabilities and limitations of a Finance Battalion. Failure to agree to a 'conditional' relationship will result in inadequate support (i.e. Finance doesn't need IBA (body armor[80])) and/or the Division overtaxing the Battalion's already limited assets (Rainbow Tracker compliance (a 1AD pre-deployment preparation checklist consisting of a red/green/amber status of hundreds of pre-deployment tasks reported to the Division Commander weekly[81])). Using a divisional unit or section as a liaison (as we used G1) was a good way to filter / buffer information and taskings. Recommendation: Consider "direct support" compulsory.

Maintain relationship with the Division in 'peacetime' (go to meetings regularly)

so a Finance Battalion is a familiar product when 'wartime' planning occurs.

Both G8 and G1 are suitable conduits for accessing Division." [82]

The Battalion overcame the pre-deployment hurdles only to face a daunting manpower

situation. In addition to deploying to support 1AD in combat, 8th Finance was required to also

maintain adequate installation Finance support to the Wiesbaden, Baumholder and

Kaiserslautern military communities. Unlike installations in the continental United States who

are primarily supported by the Defense Finance and Accounting System (DFAS), Army

installations overseas receive their finance support from Army Finance Battalions. The 8th FI BN

Commander requested DFAS augmentation to address his manpower challenge. However,

DFAS Europe did not have personnel available to meet the immediate requirement and could not

recruit and train the number of personnel at the skill levels necessary to relieve the 8th FI BN of

its home-station responsibilities during OIF1. [83] To accomplish the home-station and deployed

mission, the Battalion split its forces (and its focus) between the combat mission in Iraq and the

installation support mission in Germany. As a result, only 62 soldiers of the 8th FI BN deployed

to Iraq. The 8th FI BN Commander considered this the absolute minimum number of personnel

required to support 24,000 soldiers (the number anticipated for 1AD direct support plus other

non-division forces in Baghdad on an area basis). However, once in Iraq the number of soldiers

actually supported in Baghdad quickly grew to 53,000 (39,000 Division soldiers plus 14,000

CJTF-7 soldiers) and expanded to 70,000 soldiers during the final four months of 1AD's

deployment across a huge area from Taji (30 km north of Baghdad) to An Najaf (120 km south

of Baghdad). [84] As if the magnitude of the challenge was not enough, the Army lifted its Unit

Stop-Loss program in September and October 2003. As a result, twelve soldiers rotated out of

Iraq (Permanent Change of Station) and 8th FI BN manning fell to just 50 soldiers less than half way into the deployment. [85]

The 8th FI BN met each challenge in creative and effective ways. The Brigades were the priority effort. Each maneuver Brigade and the Division Support Command received a 3-8 man Finance Support Team to ensure Finance services were effectively used as a combat multiplier. Finance services included U.S. Military Pay and Entitlements, cash cage operations, pay agent support, local vendor payments, CERP funding, Iraqi Security Forces pay, etc. The Battalion then supported the Contracting offices with dedicated Finance Teams to ensure vendors working with an over-burdened Contracting system received timely payments and continued to provide critical services and supplies. The Battalion provided Finance support to units not located in the Brigade Forward Operating Bases with Mobile Finance Missions. These missions required Finance soldiers on a weekly basis to travel to the supported units in non-armored HMMWVs. The Battalion conducted more than 600 combat Mobile Finance Missions without casualty. The Battalion also directly supported management of three separate appropriations of CERP funding (Seized Funds, OMA and Donated Funds), disbanded Iraqi Army soldier stipend operations, disbursed reward program payments, conducted monthly Iraqi Security Forces pay operations, assisted the Coalition Provisional Authority with the organization of the Iraqi banking system, accounted for seized assets, and supported Iraqi Dinar currency operations. [86]

In spite of heroic and creative efforts to accomplish the mission, the 8th Finance Battalion Commander during OIF1 admits that there was "Not enough Finance support in the area to satisfy all requirements for support when needed." [87] In response to being asked to provide comments or recommendations for organizational structures of Finance Teams, Detachments, Companies, Battalions, and Brigades, to better support future Corps, Divisions, Brigade Combat Teams and Sustaining Brigades, he states, "I'll use my favorite phrase in answering this one..."we

have the right structure, the challenge is the right numbers"…the cuts in CS/CSS put FM (Finance) support at jeopardy. The challenge is that FM (Finance) support is transparent, neither taught in Army schools or integrated into peacetime operations; so, our story does not resonate well with the decision-makers. They continue to think of Finance as the garrison military pay inquiry they do. This is further from the truth, FM (Finance) support puts money in the hands of Commanders for use as a combat multiplier (CERP, Vendor pay, DFI, etc.)." [88]

Contracting:

"Adequate contracting support was the single biggest failure in Iraq during OIF1." [89]

The 1AD G8, who had previously deployed in support of Operation Enduring Freedom (OEF), recognized that contracting was potentially the weakest link in the Fiscal Triad and worked early in the pre-deployment phase to ensure it was properly addressed by both the US Army V Corps and the CFLCC (Combined Forces Land Component Command in Kuwait).

The CFLCC plan was to provide Contracting support on an area basis with Contracting Forward Area Support Teams (FAST) in each of the Logistical Support Areas (LSA). [90] There was little confidence at V Corps or in the Divisions that contracting support provided on an area basis would be adequate to support high OPTEMPO combat. During a December 2002 USAREUR / CFLCC OIF Pre-deployment Conference, 1AD and all Divisions in attendance made it clear that in addition to area contracting support, they also required organic Division Contracting Officers for OIF. [91]

Following the conference, 1AD provided US Army Contracting Command – South West Asia (USACC-SW) and the US Army Contracting Command – Europe (USACC-E) the Division Commander's concerns about the limitations of contracting support on an area basis and the

Division's lack of organic contracting capability. USACC-SW responded with a "thank you and please stay out of our business" email. [92]

USACC-E was not as blunt, but just as non-committal to 1AD's requests to have their MTOE Contracting Officer and NCO, who were assigned for daily duty to the Wiesbaden Contracting Command (WCC), returned to the Division for the OIF deployment. It wasn't until April 2003, a week prior to deployment, that 1AD learned it would not get a dedicated Contracting Officer for OIF. The V Corps G8 (in Kuwait at the time) informed 1AD that the CFLCC Contracting area support plan was completely overwhelmed with requisitions from Iraq and recommended 1AD make one last try to secure a deployable Contracting Officer from USACC-E. [93] Only after direct involvement of the 1AD Commanding General was it revealed that the 1AD MTOE Contracting Officer and NCO had already been deployed to USACC-SW in Kuwait. USACC-SW was using them to provide area support in Iraq and would not release them back to the Division. Additionally, all USACC-E Contracting personnel available to deploy were already deployed. [94]

USACC-SW promised to support 1AD with priority Contracting service upon arrival in Kuwait to help expedite RSOI (Reception, Staging, Onward Integration) contracts and 1AD's movement to Baghdad. Given the high demand for contracting support from units already in Kuwait and Iraq, the priority service never materialized. At the time of 1AD's arrival, standard RSOI support contracts had not yet been established in Kuwait. RSOI units had to submit purchase requests for the support they needed. Without its own Contracting Officer or priority service, 1AD was forced to rely on the Camp Doha Contracting Office to provide routine contracting support with a processing and contract award window of 10 days. This 10-day window of support was inadequate for the intensive Division level RSOI period and significantly contributed to unauthorized commitments of over $300,000 on range support and bus contracts.

Even though busses and range support personnel showed up as specified in the purchase requests and were the vendors contracted, it was discovered that the vendors began work a day before the actual contract had been awarded. Due to the Division being spread across five RSOI camps, limited phone service, the 3-4 hour drive from the RSOI camps to Doha where contracting was located, and the tremendous workload at Contracting, the discrepancy was only discovered at the end of RSOI training as the Division was moving into Baghdad. The Camp Doha Contracting Office required an investigation to complete the contract ratification process. 1AD appointed an AR15-6 Investigating Officer who found no intentional wrong doing on anybody's part and that the unauthorized commitment was caused by lack of proper contracting support to the Division and communication confusion created by the factors above. While the unauthorized commitment was resolved, it proved to be a major distraction to the Division operations center and the Command Group as the Division began combat operations in Baghdad. [95]

Once in Baghdad, 1AD units received their contracting support from CFLCC FAST teams at Baghdad International Airport (BIAP) and downtown Baghdad in the "Green Zone." However, the five Contracting Officers available between these two teams was significantly short of what was needed to establish essential life support and immediate mission requirements of more than 53,000 soldiers. As a result, it took nearly 4 months to establish basic laundry, trash, portable toilet and shower services to the Brigades in Baghdad and more than 8 months for these same services at the Division Headquarters and Aviation and Support Brigades on Baghdad International Airport (BIAP). [96]

The Contracting Officers in Baghdad were dedicated and enthusiastic heroes that worked 16-18 hours each day, 7 days a week, to try and meet command priorities. However, just as in the Resource Management discussion above, demands of the expanding SASO mission and lack of BASOPS far exceeded their capability. 1AD contracts in the first two months (not including

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Coalition Provisional Authority (CPA), Combined Joint Task Force-7 (CJTF-7) and other government agencies) numbered 557 and totaled more than $47 million. By the end the fiscal year three months later, total contract awards exceeded 2000 contracts worth $108 million, with more than 400 contracts backlogged. [97] It soon got worse. As a result of CFLCC and CJTF-7 decisions in late August to build enduring base camps and the slow start of LOGCAP service providers, contract demands significantly increased in early months of FY04. [98] From 1 October to 15 November 2003, the 1AD workload included 980 Purchase Requests totaling an additional $109M. [99]

To counter the shortfall in contracting capabilities in Baghdad, 1AD took several actions early in the deployment to assist the Contracting Teams and increase their efficiency. [100]

1. 1AD coordinated with the Contracting offices to use Field Ordering Officer Bulk Fund Accounts down to the Battalion-level to meet daily service and support requirements under $2,500. This enabled Contracting Officers to focus on high priority and large dollar contracts.

2. Each Brigade provided an Officer or an NCO to augment the servicing Contracting office to handle administrative contract actions such as status inquiries, filing, escorting vendors, accepting deliveries, and assisting with clearing bulk fund accounts.

3. 1AD required the Brigades to provide 3 vendor estimates with each Purchase Request to assist the Contracting officer in finding vendors and validate actual bids.

4. Additionally, the G8 ensured all Contracting packets were complete, set priorities for 1AD Purchase Requests and provided direct coordination between Contracting and the requesting unit. This required about 50% of the G8's attention everyday. [101]

These 1AD actions significantly improved contracting support for all units and agencies in Baghdad, but did not correct underlying contracting organizational problems.

1. Additional contacting assets were slow to arrive. CJTF-7 worked to improve contracting capabilities by adding additional Contracting Officers to its Joint Manning Document, but by late November 2003 there were still only eight Contracting Officers in Baghdad. This number did not significantly increase until the Summer of 2004, just prior to 1AD's redeployment. [102] Part of this can be attributed to deployable civilian personnel problems similar to those presented in the Resource Management section above. During 1AD's time in Baghdad, only one Contracting civilian (a non-EEC, Navy civilian) deployed. [103]

2. Contracting rotation policies were not in sync with US Army force rotations and created persistent continuity problems. [104]

   a. USACC-SW rotated their FAST personnel out of Iraq during the last 2 weeks of August 2003. They did not time the rotation to provide overlap or continuity with Joint Manning Document Contracting personnel due to arrive in September and October. As a result, only two Contracting Officers were available in Baghdad for several weeks in September.

   b. Contracting personnel remained on a 90-120 rotation cycle during OIF1. 1AD went through 5 Contracting Officer rotations during the deployment, each time having to reestablish working relationships, procedures and priorities.

Lack of adequate Contracting personnel during OIF1 and 1AD efforts to assist the Contracting offices in Baghdad had significant implications. First, in spite of the tremendous effort made by Contracting Officers serving in Baghdad, 1AD commanders did not get the contracting support they deserved. Second, in an effort to boost the timeliness of contract award, significant amounts of contracting work was off-loaded on the Brigades by requiring them to provide Contracting Office administrative support, produce vendor estimates to accompany the

purchase request and to provide their own BASOPS management by the use of bulk fund (FOO) accounts for an extended period of time. As the 1AD G8 explained,

"Army Contracting does not have adequate manpower to do their mission. Future contingency operations need more robust and dedicated contract support, especially as we develop 'plug & play' Brigades. Contracting manpower IAW Joint Manning Documents do a good job of supporting day to day Joint Task Force HQs requirements, but do not have the inherent flexibility required to support changing numbers of Brigades. Brigades and Divisions must bring an organic contracting capability to augment Theater & JTF Contracting operations…Experience in Iraq and Afghanistan demonstrate the need for Brigades to be as self sufficient as possible. Given the nature of our current GWOT, the Brigade Commander has tremendous contracting requirements previously unknown. To meet these additional responsibilities and to ensure adequate support of future contingency operations, each Brigade requires the addition of at least one Contracting NCO to augment an existing area Contracting organization and provide direct contracting support to the Brigade. These positions should be added to the Brigade MTOE. At home station, the Contracting NCO could augment the installation Contracting Office or command…Currently 1AD has no assigned Contracting Officer to manage the Division's contracting requirements. The DIV G8 provides contracting liaison, but does not have the expertise or contracting warrant needed for true contract management. To meet these additional responsibilities and to ensure adequate contracting support, each Division requires two MTOE military Contracting Officers: Assistant Chief of Staff for Contracting(MAJ) and a Deputy (CPT)." [105]

Chapter 8: Air Force and Marine Corps Financial Management

Air Force Financial Management

Like Army Financial Management that is transforming to provide the required capability to the modular Army, the Air Force Financial Management community is transforming to better meet the requirements of the expeditionary Air Force. However, to understand how Air Force Financial Management is transforming, a brief explanation is required about how the Air Force is organized under the Air and Space Expeditionary Force (AEF) to help manage its deployment cycles.

Under the AEF concept, the Air Force is organized around the idea of deploying a constantly ready but rotating group of forces to provide the combatant commanders air and space power in times of crisis. All of the Air Force's fighting forces and most of its supporting units are pooled into one of the ten AEFs. Basically, the Air Force has taken its combat and support squadrons, across all components, and assigned them to one of ten AEFs. Two AEFs are always deployed or on call to meet combatant commander requirements while the remaining forces train, exercise, or prepare for deployment operations, or they provide their normal base support as is the case with combat support forces.[106]

When its time to for an AEF to deploy, operational and support personnel from different squadrons, located at different bases, will deploy as part of a larger organization called the Air and Space Expeditionary Task Force (AETF). The AETF provides joint force commander with force packages that can be tailored to the spectrum of contingencies.[107]

Air Force Financial Management supports the AEF concept by assigning each of its deployable airmen to one of the ten AEFs. However, FM airmen are not organized into squadrons for deployments, but rather each enlisted FM airmen is assigned a Unit Type Code

(UTC), and every Air Force FM UTC is dedicated to an AEF pool of personnel and assets called "buckets."[108]

A UTC identifies a deployable package of resources (personnel, equipment, or both) configured to provide specific wartime capability.[109] There are seven enlisted Air Force FM UTCs: five individual airman UTCs; a five man Lead Independent Team UTC with the capability to establish an independent disbursing/paying agent office; and a three man Disbursing Team UTC with the capability to establish paying or disbursing agent office and provide financial services and accounting functions at any type of operating location.[110]

Deployed commanders and war planners request FM support by identifying the UTC required to support the contingency area. Because the FM UTCs are established down to individual positions, planners can tailor the FM force package to exactly the number of airman and the mix of skills required. Additionally, selecting the FM UTCs from a pool enables planners to spread the taskings across many bases rather than pulling many airmen from one base and stripping that base of its FM support.[111]

In a deployed location, Air Force FM and Contracting personnel form a critical team in providing supplies, equipment, and services. The Contingency Contracting Officer procures and the Comptroller personnel perform the disbursement function. This provides the proper separation of the Contracting and paying functions for internal controls.[112]

Air Force FM and Contracting operate under the Triad concept of supporting the AETF forces in that FM and Contracting airmen are normally co-located in order to facilitate working with each other.[113] However, the Air Force does not have any official documentation in the form of doctrine or policy letters that addresses the requirement for Air Force FM and Contracting to co-locate.

Air Force UTC buckets with UTCs identified down to the individual FM airman and the ability for the commanders and senior comptrollers to select the FM team based on mission requirements provides an ad-hoc flexibility to meet the commanders' needs. This deployment system works well for current AEF employment that tends to deploy and establish relatively few Air Force centric operating bases supported by robust pre-configured BASOPS packages and short-term (120-day) individual and small unit rotations.

However the Air Force system would prove to be counter-productive for the Army given the greater and more variable demands generated from a much larger Army ground force spread across more unsecured, austere operating bases throughout the AOR. It also does not support the Army desire for support relationships that are more of a long-term habitual or organic nature needed to support the three-year Army BCT employment cycle that locks personnel into an eighteen month train up, one year deployment and a six month reconstitution cycle.

Marine Corps Financial Management

The Marine Corps task organizes for combat by forming integrated, combined arms Marine Air-Ground Task Forces (MAGTF). MAGTFs are task organized and specifically tailored by mission to support the combatant commander or joint task force commander. The MAGTF is comprised of four deployable elements: the command element which contains the MAGTF headquarters; the ground combat element; the aviation combat element; and the combat service support element.[114]

Major subordinate commands of the MAGTF include the Marine Division (ground combat element), the Marine Aircraft Wing (air combat element), and the Marine Logistics Group (combat service support element).[115]

The Marine Expeditionary Forces (MEFs) are the principal Marine Corps warfighting organizations and are the primary standing MAGTFs that exists in peacetime and wartime. A MEF can range in size from less than one to multiple divisions and aircraft wings with supporting Force Service Support Groups and combat service support elements.[116]

When not deployed, FM Marines fall into two categories, Comptroller and Disbursing. In general, there is a set structure for Comptroller sections within the MEF and its subordinate commands. The command element is staffed as follows: Comptroller; Deputy Comptroller; Budget Officer; Exercise Officer; Accounting Officer; Comptroller Chief; Accounting Chief; and Comptroller Clerks. The divisions, wings and groups are basically staffed the same as the MEF, but the chiefs and officers are more junior in rank to the officers in the MEF comptroller section.[117]

During deployed operations, the composition of the FM operations varies for each mission as the contingency FM support is tailored to the MAGTF just as the MAGTF is tailored to the requirements of the combatant commander. The senior comptroller for the MAGTF has the latitude to build the FM team for the mission based on the required capability for the mission, and he builds his team from the pool of FM Marines in the subordinate divisions, wings and groups.[118]

The MAGTF comptroller is overall responsible for both Resource Management and disbursing operations. The comptroller's mission is to efficiently and effectively expend appropriated funds to meet the requirements needed to complete the commander's mission. Each MSC (Division, Aircraft Wing, and Logistics Group (General Officer commanded elements)) has a comptroller assigned to advise their respective commander of fiscal concerns.

Comptroller sections are located at each combat element level headquarters: Division, Aircraft Wing, and Logistics Group -- General Officer commanded elements; MEF; and MEB

command elements for smaller MAGTFs however budget authority is held at the command element level (MAFTF).[119]

Disbursing is maintained at the command element level (MAGTF). However, disbursing detachments are located on all major camps in the AO to disburse funds to local vendors for contracted goods and services provided and to support pay related requirements for all personnel aboard the camps.[120]

The Marines essentially operate under the same concept as the Army's Fiscal Triad. However, they also leverage technology by using a web-based procurement process to link the small unit requisitioner (company level) with the contingency Contracting Office via the comptroller for funds approval. The disbursing section coordinates with comptroller in order to validate funding prior to payment.[121] If working in close proximity to each other, pre-validation is accomplished through face-to-face coordination. Otherwise pre-validation is conducted electronically.[122]

In major operations, the command element comptrollers and Contracting Officers are located aboard the same base/camp. They may or may not be co-located, but it is standard practice for comptroller personnel have daily contact with the Contracting Office to ensure contracts are properly funded throughout all phases of the procurement/accounting process.

In smaller contingencies or smaller MAGTFs, MEUs, and SPMAGTFs, the comptroller and contractors work within the logistics cell of the command element and the disbursing office is part of the CSSE headquarters. However, the three elements work together as a team.[123]

The Marine Corps FM concept of employment is similar to that of the Air Force's where the teams are built by identifying individual positions required to support the mission requirements. Likewise, this deployment system works well for the Marine Corps that deploys

fixed organizations (MEFs) from single bases in the U. S. to operations in Theater that are more concentrated geographically and less dispersed than Army forces.

Like the Air Force system, the Marine Corps FM concept does not support the requirements of the Army which require more robust Financial Management support to a larger force, operating as BCTs separated and dispersed by both time and distance. Lastly, the Marine's concept of deploying its FM assets does not build the habitual relationships needed to effectively integrate into the BCT headquarters and support the three-year Army BCT employment cycle.

Chapter 9: Manpower

<u>**Manpower Challenges**</u>

Army transformation has placed increasing manpower demands on combat (CS) and combat service support (CSS) branch proponents across the Army, forcing CS/CSS proponents to reduce force structure and to "pay their own bills" when proposing new organizations. Over the past four years, CS /CSS units have reduced structure and "paid the bill" for staffing new organizations (NORTHCOM), for Chief of Staff of the Army initiatives (Rebalance the Force and Task Force Modularity), and for military-to-civilian conversions. Proponents have also reduced force structure or restructured within their organizations in order to man positions in new organizations and new occupational specialties proposed to the Army.

Already representing less than .5 % of the total Army end strength, the Army's Financial Management community will reduce its tactical force structure by 24% (1042 spaces) between FY05 and FY11, representing reductions for 26% in the active component, 29% in the National Guard, and 48% in the Army Reserves. [124]

Potentially exacerbating the reduction of Finance soldiers even further is Army's plan to reorganize, not expand, to meet combat needs. On Thursday, October 6, 2005, Army Secretary Francis J. Harvey stated that the Pentagon had no plans to ask Congress to permanently increase the size of the Army, saying that the service, strained by the wars in Iraq and Afghanistan, would be able to boost the number of available combat troops by reorganizing from within.[125]

Congress last year authorized a temporary increase of 30,000 troops in the Army, and senior military leaders suggested in recent months that they may try to make the increase permanent to help relieve the stress on the service. But Harvey said that by 2011, the Army plans to return to its previous troop level of 482,000 soldiers, barring another significant military

commitment abroad. Many in Congress have supported a permanent expansion for the Army, but Defense Secretary Donald H. Rumsfeld has long opposed an increase, in part because permanently enlarging the Army by 30,000 would cost approximately $3 billion annually.[126]

Despite the Department of Defense's decision not to permanently increase the Army's end strength, the Army still plans on creating 43 BCTs — up from the Army's current total of 37 BCTs.[127] In a DoD Army Force Structure Update dated 3 February 2006, the Army will now field 42 active BCTs. [128]

How will the Army pay the manpower bill for creating the additional BCTs? It will reorganize from within the current force structure by cutting approximately 25% from the non-combat units – the combat support and the combat service support units.

The reduction of 24% of the Active Component Financial Management force structure coupled with the potential for another 25% reduction in force structure while the Army returns to the 482,000 end strength and grows additional BCTs creates significant challenges for developing viable recommendations for manning the BCTs with Finance and Resource Management capability.

At the request of congressional committee members, the Congressional Budget Office (CBO) studied options to increase effective Army manpower. An October 2005 CBO Update report focused on ways of increasing available Army manpower needed to sustain current operations in Afghanistan and Iraq. The CBO reported three ways this might be accomplished. The first option is to increase the Army by 4 or 5 Divisions (115,000 additional personnel) at a cost of $140 billion over ten years. [129] As discussed above, neither DOD nor the Army supports end strength increases, especially one of this size because of the budget implications. The next option is for the Army to reduce certain support forces not required for 'occupation' duties, such as rocket and air defense artillery, and use these manpower reductions to fill the Army's

requirements in the transformed Brigades. The CBO report clearly acknowledges that while this would allow the Army to meet its immediate military manpower requirements for transformation and the Iraq mission, it includes substantial risks should the need for major combat operations arise. [130] The Army has already reduced portions of the CBO's recommended support forces to meet its military manpower requirements in the transformed BCTs while mitigating the major combat risks by leveraging capabilities of other Services (i.e. relying on Air Force air power and precision munitions to support future combat operations). The final CBO option presented is to "hire additional civilians to perform many of the Military's overhead tasks and use the military personnel thus freed up to create new deployable units." The CBO admits that this option is effectively an overall increase to DOD end strength as it increases civilian personnel to free up military personnel. However, the CBO feels that this civilian end strength increase is moderated by its substantial cost benefits. The report claims that this option can free up enough Army military personnel to man two new Divisions at less than half the annual cost of sustaining two new Divisions through increased military end strength. The projected costs are $3.4 billion and $7.0 billion respectively. [131]

Regardless of the DOD, Army or CBO option or mix of options eventually adopted, there is serious consideration at all levels to increase reliance on the civilian workforce, both at home and in combat. A deeper look at how civilians supported an OIF1 unit and the potential for reliable civilian support on the future battlefield is presented in the following discussion.

Civilian Personnel

Civilian personnel have become increasingly important to sustaining the military both at home station and while deployed. In many cases the technical expertise and experience civilians provide are vital to the mission but are in short supply or wholly lacking in military ranks.

Civilian positions needed to support critical deployed peacetime and wartime requirements are designated as emergency essential. Civilian personnel who fill these positions (Emergency Essential Civilians or EECs) are required to deploy and to maintain their deployment readiness by meeting training, physical, medical, security clearance and family support requirements similar to military personnel. They sign an explicit EEC agreement and can have their civilian career status terminated should they fail to deploy as ordered.[132]

As discussed earlier, 1AD faced a manning situation during OIF1 when neither Higher Headquarters nor the Army Individual Augmentation System (WIAS) were able to provide military Resource Management personnel relief. [133] 1AD turned to the only other available source of qualified help, Department of the Army Resource Management civilians. The 1AD G8 found that given the civilian personnel management system, DA Civilians while reliable at home-station, could not be counted on to deploy and support maneuver forces in combat – even if designated as EEC.

With the unexpected departure of the Division's most experienced and EEC G8 civilian, 1AD redoubled its efforts to quickly recruit a replacement for this critical position. Hopes of speedy relief were soon dashed and 1AD suffered the hard lessons of EEC recruitment: provisions of the EEC agreement are not overly difficult to circumvent; and designating a position as EEC significantly delays the recruitment process and does not guarantee that the person will actually accept the job at the end of the recruitment period. [134]

- EECs are not locked into any minimum period of employment in an EEC position and can move to other jobs at any time unless the unit is officially alerted to deploy. The 1AD GS-12 took advantage of this loophole and departed upon hearing that 1AD was likely to deploy to Iraq.

- It takes several months for applicants to complete all requirements in the EEC recruiting process. 1AD had 3 people accept the GS-12 EEC position, sign the EEC agreement and then decline the job before completing all supporting EEC medical, security clearance and administrative requirements, tying up the recruitment process for more than 2 months each time.

- An EEC agreement does not take effect until the employee reports to the new unit nor does it preclude a recruit from looking for other employment while completing EEC recruiting requirements. A fourth person actually completed all recruiting actions and only days before PCS to Germany, found another non-EEC job and was legally able to decline the 1AD GS-12 position.

- As a result, it took 14 months to fill this one critical position. The new GS-12 arrived seven months into 1AD's OIF1 rotation.

The G8 encouraged, but could not require non-EEC civilians in the 1AD G8 office to deploy with the Division. Three lower-grade (GS-5/7) civilians answered the call and 'volunteered' to deploy. However, prior to deployment two of them backed out and only one actually deployed. [135] Upon arrival in Iraq, 1AD received permission to over-hire four lower-grade (GS-5) civilian RM personnel on a temporary basis. However, 1AD failed to attract any candidates due to the low grade and temporary nature of the employment period. 1AD had to increase the grade to GS-7/9/11 and promise a full year of employment before it received serious applicants. After more than 7 months of recruiting, only one applicant deployed to Iraq and then only stayed for 90 days. [136] The G8 was not the only staff or unit in 1AD that faced civilian personnel challenges. The great majority of DA civilians assigned to 1AD were not EEC or deployable. Over the years, TDA EEC positions across USAREUR had been allowed to atrophy since European CONOPS such as Bosnia and Kosovo did not require a robust deployable DA civilian

capability. During OIF1 this left gaps in vital positions in the G3, G4, G5, G6 Automation, the Aviation Brigade and the Division Support Command that had to be filled with borrowed military manpower or contract personnel.[137] The extent that the Division relied on borrowed military manpower to fill civilian vacancies during OIF1 was never captured, but the 1AD civilian and contractor data is telling. Only 7 of 105 civilians assigned to the 1AD TDA deployed. [138] The Division also had 43 contractors and 28 Defense Logistics Agency (DLA) civilians that provided daily support in Germany. All of these but one contractor deployed with the Division. An additional 30 contracted civilians were required to support the Division in combat and 1AD deployed to Iraq with a total of 72 contracted civilians.[139] The difference between the number of 1AD and DLA civilians that deployed can be attributed to the fact that all of the DLA civilians were EEC. That many of them did not take advantage of the EEC loop holes discussed above might be an issue of expectation in that they accepted the DLA job with full knowledge that they would be required to deploy if necessary, along with the realization that most of the jobs they could transfer to were also EEC and would not provide any long-term non-deployment benefit.

It is evident that problems in hiring and deploying key civilians to support the Global War on Terror were recognized at all levels throughout DOD. Actions were taken at the Division, Theater and DOD levels to mitigate and correct deployable civilian shortfalls.

The 1st Armored Division Chief of Staff designated all civilian positions in the grades of GS-9 and above as EEC. While EEC status could not be forced on civilians already occupying those positions, all new hires and personnel wanting to extend their tours in Germany had to agree to become EEC. [140] As discussed above, designating positions as EEC does not guarantee every EEC will deploy. Certain employees will still try to game the system. Nevertheless, by designating all GS-9s and above as EEC, 1AD significantly increased the pool of available EECs

in the Division and articulated the importance of the EEC workforce as an integral part of a deployable combat unit.

1AD also submitted proposals to DOD to improve EEC management: "…if DOD & DA Civilians are to play a more important role on the battlefield, more positions must be designated as EEC… This EEC-type capability must be more robust and legally binding than in the current civilian management system so that DOD civilians can be counted on to deploy and support maneuver forces in combat...

- EECs should sign special recruiting agreements that lock them into the hiring organization for a specific period of time (2-3 years).

- Once a person signs the EEC agreement (recommended at the beginning of the recruitment), they should not be allowed to seek other employment until such time as it is determined that they do not qualify medically or administratively as an EEC.

- Should a person withdraw from consideration once the EEC agreement is signed (recommended at the beginning of the recruitment), that person should not be allowed to seek other employment for a year and not qualify for a higher grade for a period of two years.

- In exchange for their dedicated and potentially dangerous service, EECs should receive special benefits, deployment bonuses, deployment tax free income, professional development and retention incentives.

- DA Civilians, especially EECs, are an important part of the Army Team. They deserve better management." [141]

In January 2005, USAREUR published a Civilian Deployment Handbook (AEP 690-47-1) that clearly articulates the importance of civilians to the deployed Army mission:

"In the past, civilians were deployed to established Theater of operations where conditions were relatively stable. This is no longer the case. Today we see more and more civilians accompanying our forces in the early stages of contingency operations. These employees perform critical logistic and support tasks that free soldiers to perform their warfighter mission…our command relies on the expertise of our deployed civilian workforce to accomplish its combat operations." [142]

The handbook also establishes a new policy for designating deployable civilians, including involuntary deployment of non-EEC civilian personnel possessing critical skills if no military or civilian volunteers are available. [143]

Concurrently, DOD addressed the long-term issue by establishing a new civilian personnel management system called the National Security Personnel System (NSPS). NSPS will be fully emplaced in DOD and in each Service over the next few years. NSPS is specifically designed to eliminate the problems identified above and better respond to the post September 11th security environment by instituting "a streamlined and more responsive hiring process, flexibility in assigning work, pay based on performance, a performance management system that requires supervisors to set clear expectations and employees to be accountable, and a labor relations system that recognizes our national security mission and the need to act swiftly to execute that mission." [144]   NSPS specifically eliminates GS pay grades and establishes 3 broad pay bands (entry level, full performance level and supervisory level) based on career group pay schedules. Under NSPS, local commanders and supervisors set compensation within a pay band based on the individual's performance and mission contribution.

Given the limited prospects for growth of military manpower coupled with the critical skills and expert continuity inherent in the civilian workforce, DOD and commanders at all levels recognize that civilians can and must play a much more important role on the battlefield. Even if

the 1AD EEC management recommendations are not fully instituted, local unit policies that integrate EECs more deeply into the organization, Theater and DOD policies that give local commanders authority to involuntarily deploy mission essential civilians when necessary, and the new National Security Personnel System that empowers commanders to flexibly apportion the workforce where it is most needed and to apply incentives and pay to attract and retain the right people, all significantly increase the reliability of civilian support for future CONOPS.

Manpower Assessment:

From a commander's perspective, adding military TOE/MTOE positions is the best way to address Fiscal Triad shortfalls as these positions deliver a familiar and reliable military capability for deployment. However, given the current no-growth policy for Army military manpower, achieving robust Fiscal Triad support by increasing military manpower is not a viable option.

Conversely, transforming Fiscal Triad elements into purely civilian organizations entails a degree of risk few commanders would support, even given the substantial cost savings projected by CBO. While it is true that commanders recognize the growing importance of the civilian workforce and have established unit, theater and DOD policies designed to increase the reliability of civilians to deploy, that reliability is yet to be proven. More prevalent in Commander's minds are negative experiences with civilian personnel similar to that of the 1st Armored Division as presented in Chapter 9. Additionally, the National Security Personnel System (NSPS) has only recently begun implementation in CONUS. It will take some time until the benefits are realized and commanders become confident that they can effectively attract, retain and compensate reliable, deployable civilians. Until deployment reliability of civilians is

proven on a wide scale, a more measured approach to civilianizing Army support overhead is prudent.

Shortfalls in Fiscal Triad capabilities can best be corrected with a mix of military and civilian personnel. The technical expertise required of Fiscal Triad elements and continuity of experienced personnel that improves capability robustness supports an increased role for Finance, Resource Management and Contracting civilians. At the same time too few civilians currently possess the tactical and operational experience necessary to operate independently, perform as primary staff members, or to maneuver and protect themselves on the battlefield. Civilians can of course learn these things and in addition to their Fiscal Triad technical expertise become tactically and operationally proficient. However this will take time. Until the civilian workforce has time to grow into the demands of their more flexible duties and their deployment reliability is proven, an integrated military and civilian Fiscal Triad workforce is required.

Reach-Back:

One final factor to consider in the manpower discussion is the notion of "reach-back". Reach-back is based on the idea that CONOPS Triad manpower efficiencies can be achieved by providing deployed units (Corps, Divisions and Brigades) Fiscal Triad capabilities by establishing "pools" of expert Triad personnel in sanctuary locations outside of the immediate combat area that may include neighboring countries, other Theaters and even CONUS. Units in combat might be provided a limited Triad capability in its forward location who would ultimately submit requests for requirements to sanctuary experts to provide funding, accounting, legal reviews, contract awards, etc. Opportunities for tactical Fiscal Triad consolidation and reach-back efficiencies may be achieved as a CONOPS matures. Reach-back is probably most executable at the Theater to CONUS level. Relying on reach-back as a Fiscal Triad cornerstone

at the tactical levels, especially early in a CONOPS has significant effectiveness implications. First, reach-back relies on a robust 24/7 communication system capable of supporting all aspects of the autonomous nature of transformed Army operations. Assuming a reliably robust communication capability existed, the sanctuary would have to be robust enough to provide **dedicated** 24/7 support to overcome time-zone and work schedule differences across the world in order to respond to the immediacy of each requirement. Reach-back capability would also have to be established in such a way that sanctuary Triad personnel have a habitual relationship with supported units. This is necessary in order to understand the prioritization/immediacy of requirements and intent of each of the Brigade, Division and Corps Commanders on the battlefield. However, the biggest problem of reach-back at the tactical level is the lack of Triad personnel on the battlefield to directly assist the Commander in his/her expanding fiscal responsibilities. In short, reach-back focuses on Triad organizational efficiency and not operational/tactical effectiveness. It does not eliminate or substantially reduce the significant fiscal burdens of the tactical battlefield commander as discussed in chapters, 1-7. To be relevant as a combat multiplier, adequate Fiscal Triad personnel must be physically present on the battlefield.

Chapter 10: Summary and Recommendations

This paper described how Army Finance, Resource Management and Contracting communities have responded to early lessons from on-going operations and to Army transformation initiatives to build the required capability for the commander on the battlefield.

The U. S. Army Finance School successfully documented changes to its TOE organizations, reduced structure and redesigned its remaining assets into the Financial Management Center, the FM Company, and the FM Detachment. The FM Company and its subordinate FM Detachments are designed to provide Finance area support throughout the Theater of operations.

Resource Management capability was documented on the FM Company TOE and in the G8 staffs on the redesigned Division and Corps MTOEs. The FM Company RM section is designed to either augment the Division G8 or provide independent RM area support to units serviced by the Sustaining Brigade.

Likewise, the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, the proponent for contingency contracting, responded by submitting a force structure proposal which, if approved, will provide Theater Army Contracting Battalions consisting of four-soldier Contingency Contracting Teams. The number of proposed contracting teams is based on the number of Army BCTs and Divisions. Contracting teams will operate across the theater of operations on a yet to be determined direct or area support basis.

More recent lessons and experience in OIF provided a timely opportunity to review the adequacy of these Fiscal Triad support changes to U. S. contingency forces. Operations in SWA graphically demonstrated the importance of Triad elements to Army CONOPS forces. GWOT experience also confirmed that Triad capabilities do not possess the robustness to adequately

support the Commander on the battlefield. Additionally, commanders at all levels have considerably more resource responsibilities than in the past.

1. The non-linear nature of the GWOT battlefield dictates that units need to be self-supporting, especially in the early stages of CONOPS.

2. Inherent to this self-sufficiency is the duty to enforce controls to ensure requirement validation and cost effectiveness.

3. SASO resource requirements and the types of funding available to support them have greatly expanded to include OMA contracts & bulk funds (FOO), Government Purchase Cards, Humanitarian Assistance (HA), Commanders Emergency Response Program (CERP), reward programs, weapons buy-back programs, security force development payments, etc.

Given these lessons and the resulting transformations instituted or submitted for approval, Triad shortfalls still exist. Figure 12 below summarizes their adequacy.

	Status	Unit	Capability
Resource Management	Green	Theater Army	42 Military positions on TOE
	Amber	Corps	4 Military positions on TOE
	Amber	Division	4 Military positions on TOE
	Red	Brigade	RM capability provided to Sustaining BDEs, but none to BCTs
Finance	Green	Theater Army	Financial Management Center (FMC) & Financial Management Companies (FM CO)
	Amber	Corps	Multiple FM Detachments from FM CO provide area support
	Amber	Division	Multiple FM Detachments from FM CO provide area support
	Amber	Brigade	FM Detachments provide support to multiple BCTs on an area support basis
Contracting	Green	Theater Army	Principal Advisor Responsible for Contracting (PARC) and a Contracting BN
	Amber	Corps	10 Contracting Teams planned, not the 13
	Amber	Division	teams needed to support to each Corps and
	Amber	Brigade	43 Contracting Teams proposed based on number of BCTs, does not include teams for Sustaining BDEs

Figure 12

A challenge for the Army is to find a way to provide robust Triad capabilities to units that are geographically separated by time, distance, and unsecured line of communication given the requirement for relatively fixed Corps and Division Headquarters structures to support a variable number of BDEs. As was the case of 1AD, the Division deployed to Iraq with 6 BDEs, expanded to 15 BDE equivalents to execute SASO in Baghdad, and tapered to 7 BDEs for the follow-on mission south of Baghdad.

In order to provide adequate Fiscal Triad support to transformed units in the current and future operating environments:

1. The Army should establish Finance, Resource Management and Contracting capabilities directly apportioned (as a minimum) to each transformed Theater Army, Corps, Division, Sustaining Brigade and BCT.

2. Triad capabilities in each of these units should be organic or organic-like with stable, long-term, habitual relationships that enable commanders to train at home-station with its Triad assets as it fights in combat.

3. Given military manpower no-growth policies coupled with the necessity to build additional BCTs, serious consideration should be given to establishing robust Triad capabilities by incorporating deployable emergency essential civilian personnel into Resource Management and Contracting organizations at all levels.

More detailed recommendations for each the Triad players follow.

Author's Note: Given the current austerity of transformed RM and Finance organizations and Army support/sustaining structure that is still evolving, it is very difficult to identify potential bill payers for RM or Finance manpower change recommendations. Ultimately the authors believe that changes necessary to establish adequate Fiscal Triad capabilities down to

the Brigade level will require both military and civilian manpower increases. Never the less, recommendations are provided for consideration.

Recommendations for Resource Management (RM)

The major shortfall identified in the review is the lack of RM capability in the BCT. The only RM capability within the Division/Corps area of operation is designed into the austere Division and Corps G8s (4 military personnel each) and the Financial Management Company (FM CO) (3 military personnel). Neither the Division/Corps G8 nor the FM CO RM team have the personnel necessary to support multiple BCTs across a dispersed battlefield where they are separated geographically by time and distance, but also by unsecured lines of communication. Planning, validating, coordinating, tracking, and controlling funds to support procurement operations for the BCT commander requires organic RM support into the BCT.

To fix this capability gap, a two-person RM Team is required for each BCT consisting of a BCT RM in the military grade of SFC/LT/CPT or a civilian in the grade of GS 9/11 (or the NSPS equivalent) and a Financial Management Sergeant (44C20 (E5)).

The BCT RM Team military manpower bill might be paid with a 44C20 (E-5) from the FM DET and the 44A Finance Major currently assigned to the HHC Sustainment BDE FM Support Operations Section (SPO). The Sustainment BDE FM SPO was initially designed into the Sustainment BDE TOE to plan, coordinate, and synchronize FM support within the Division/Corps area of operations and to operate as a conduit between the FM CO, the Division/Corps, and the theater Army G8/Financial Management Center. However, the requirement for the Division/Corps G8 was subsequently approved and documented on the TOE, making the G8 (LTC) the senior financial manager for the Division/Corps. As the Division/Corps senior financial manager, the G8 is inherently responsible for the FM

coordination between the Division/Corps and the theater Army G8/Financial Management Center for the FM support provided the BCT commanders. Since the Division/Corps G8 is now documented on the TOE, the Major position in the Sustainment BDE FM SPO should be used as one of the bill payers for the BCT. The BCT RM (LT or CPT) should be an initial entry Finance Officer, a newly branch detailed Finance Officer, or an Officer from another career field on his/her initial RM/FI career field designation. In either case, a LT/CPT possesses the military skills necessary to function at the BCT level. Basic RM skills can be learned through initial budget courses offered at the Finance school and on-the-job mentoring from the BCT XO/S4 and the DIV G8. Serving as a BCT RM provides an Officer valuable 'tip of the spear' experience for future success.

1AD has recently deployed two BCTs back to Iraq. Based on the hard lessons they learned during OIF1 (discussed in Chapter 7), the Division is executing a variation of this recommendation. Each BCT has a branch detailed Finance Lieutenant and a GS-11 civilian to assist the Commander, XO and S4 in managing the many types of funding and to lead the BCT requirement validation and cost effectiveness process. Early reports from the BCTs indicate that this additional capability is extremely valuable. [145]

Other options for the military position are to provide the Sergeant from the FM CO's Financial Management Detachments (FMD) or to earn it through the Total Army Analysis requirements determination process. However, given the existing shortfalls in Finance support at the BCT, Finance units will need all of their existing military slots (and then some) to reconfigure their units to provide a more dedicated Finance capability to the BCT.

Another option that should be considered as a second priority course of action is to make each of these civilian positions. The second civilian would be in the grade of GS 5/6/7 (or the NSPS equivalent). The main drawbacks to this course of action are: the risk from a

commander's perspective is greater as the wide-scale reliability of civilians to actually deploy is yet unproven; from a Finance professional development perspective, Finance Sergeants/Officers lose an opportunity to qualify in the budget/RM arena, one of their Military Occupational Skill core competencies; and the civilian would be documented on TDAs. TDAs are created at the Major Command level rather than DA level, thus creating a problem of standardizing the civilian positions in the Division/Corps across the Army. From a civilian workforce perspective this option is quite attractive as the lower grade civilian would allow for career progression from the entry GS-5 level through the Journeyman GS-11 level, all within the BCT. This has the benefit of achieving robustness through continuity and stable, technical expertise to the commander.

Recent additions to the Corps and Division MTOEs have increased G8 military manpower from 100-400%. However G8 manning is still too austere, especially if RM capability is not established in the BCTs. Assuming that an RM capability is established in the BCTs, Corps and Division G8s still need to be augmented with additional deployable RMs. While military personnel are preferable, this additional capability can best be met with civilian personnel. The civilian deployment reliability risk is partially mitigated by the four relatively senior military MTOE personnel. Additional risk mitigation can be achieved by employing civilians at an appropriate grade that would attract and retain them. The addition of three deployable civilian RMs to Corps and Division G8s is recommended. Appropriate grades are one GS-13 and two GS-11/12s at the Corps and one GS-12 and two GS-9/11s at the Division.

Recommendations for Finance

The capability gap identified with the finance support for the BCT is the means in which the FM DETs provide support to the BCT. As discussed in Chapter 7, the FM DETs provide support to multiple brigades operating with the Division AO vice direct support through being assigned

or attached to a specific BCT or support brigade. The BCT and the Fiscal Triad require habitual, dedicated support to ensure timely, immediate access to cash in order to complete the funding of special programs (CERP) or to complete the contracting or procurement transactions so goods and service are delivered to the BCT expeditiously.

To fix this capability gap, a two PAX Finance Disbursing Team is required for each BCT consisting of a 44C20 (FM SGT) and a 44C10 (FM Specialist). The BCT Finance Disbursing Team positions will be resourced from an FM DET and will documented on the BCT TOE in the BCT S4 section as Code 50 positions. Labeled as Code 50, the FM Soldiers assigned to the Finance Disbursing Team will remain with their parent FM DET when not deployed, but they will physically deploy with, reside with, and operate in direct support of BCT once the BCT is alerted for deployment. Additionally, a FM disbursing NCO position in the grade of MSG should be documented on the BCT TOE an identified as a Code 50 position and as an early entry asset. The disbursing NCO will provide the BCT with the expertise and funds required for initial procurement operations in theater prior to the arrival of the FM Companies and FM Detachments. The bill for this MSG could be paid by the 44C50/MSG currently assigned to the HHC Sustainment Brigade FM Support Operations section.

Recommendations for Contingency Contracting

As can be seen in Table 1, Contracting has more comprehensively addressed the need to provide contracting capabilities at all levels of command with contingency contracting organizational proposals that include the total number of Contingency Contracting Teams tied to the number of anticipated BCTs. However, as discussed in Chapter 6, the concept of support as submitted to the Army does not identify any additional contracting teams to support Sustaining Brigades or forces at echelons above Corps and does not state any intent to provide direct

support in a long-term habitual manner to any unit below Theater Army. ASA (ALT) needs to adjust the Contingency Contacting Teams rules of allocation during the Total Army Analysis process to ensure Contingency Contacting Teams are earned for Corps, Sustaining Brigades, and Separate Brigades operating at Corps and echelons above Corps. Military Contingency Contracting Team personnel should be documented on Corps, Division and Brigade MTOEs as Code 50 positions. Labeled as Code 50, the Contracting soldiers assigned to the Contingency Contracting Team will remain with their parent Contracting Battalion or office when not deployed, but will physically deploy with, reside with, and operate in direct support of their assigned unit once the unit is alerted for training or combat deployment.

Additionally, Contracting Battalions should be allocated at both the Theater Army and Corps levels. Using SWA as an example, this would provide necessary command and control for the distributed manner Theater Armies and Corps are actually employed, that is the Theater Army supporting multiple semi-autonomous Corps-level task forces such as we see in OEF and OIF. This will require a change in the rules of allocation for the Contingency Battalion during the Total Army Analysis process.

As in the RM recommendations and risk discussions, there is no need to rely fully on military personnel to man the PARCs, Contracting Battalions or Contingency Contracing Teams. These organizations can be expanded by incorporating civilian contracting officers into the proposed military authorizations. DA Civilians, when deployed in military/civilian teams can be reliably counted on to deploy and support forces on the battlefield and will bring a greater degree of contracting expertise and continuity throughout the Army.

ASA (ALT) should also consider creating more Contingency Contracting Teams but reducing the size of Contingency Contracting Teams allocated to support Brigades (all types) from 4 person teams to 3 or 2 person teams. If we consider the 1AD OIF1 example in Chapter 7,

a 4-person team in each of the 15 Brigades assigned to 1AD would have provided 60 contracting officers to support the Division and the greater Baghdad area, not counting the contracting teams from Corps and Theater Army Brigades also operating in Baghdad. This capability seems a bit too robust even taking into account the workload encountered during OIF1. The additional but smaller teams would give the Contracting Battalion more teams without increasing the manpower requirements. The additional teams not specifically dedicated to the BCTs creates more flexibility for the Contracting Battalion to meet surge requirements throughout the theater.

"Money is my most important ammunition in this war!" [146]

This saying attributed to MG Petreaus, Commanding General of the 101st Airborne Division during OIF1, expresses the importance and relevance of Finance, Resource Management and Contracting elements as combat multipliers through the effective application of funds to sustain the force, flexibly support emergent SASO mission requirements and to gain access and support of the local Iraqi population.

MG Petreaus is not alone in this recognition. In response to his and many other OEF and OIF Commanders, the Army has made terrific progress in improving Fiscal Triad support to its GWOT deployed forces. However, recent and proposed changes are still not adequate. They are not consistently focused on the Army's main priority – the Brigade Combat Team.   The Army is currently building a transformed support structure for its transformed Brigade Combat Teams. Clearly, in the old "Tooth to Tail" debate, Fiscal Triad forces are no longer considered tail. This is the window of opportunity to justify and institutionalize the Finance, Resource Management and Contracting force structures needed to effectively support our transformed Army of the future.

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